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Election's Effects on Business and Securities

7 Attractive Low-Priced Stocks

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Rating the Aviation Issues

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WHERE *the* GREATEST PROSPERITY *is* REFLECTED

NATIONAL prosperity is an elusive quantity around election times. The nation's pocketbook and dinner pail is never so full as at this period, if we listen to the spokesmen of the party in power. On the other hand, if we heed the cries of alarm of the "outs," the country is usually on the verge of being economically prostrated on the eve of any national election. This year, both the "ins" and the "outs" agree on one point as far as national prosperity is concerned—an unusual occurrence. The point of universal agreement is that the large dominating corporations in the various industries are enjoying a full measure of prosperity, leaving as an open issue only the contention of how widely the prosperity of the nation is diffused.

Entirely apart from any of the issues in this immensely interesting fall election, to the legion of investors in the United States the mutual acknowledgment that the best companies are doing well is a most comforting note. For these are the corporations that Tom, Dick and Harry are investing their savings in, as compared with the wildcat oil companies, radio concerns, mining shares and local "promotions" that took up so large a portion of "every man's" savings in years gone by.

A prominent stock market observer has advanced the implications one step further and applied it to the present movement of shares on the New York Stock Exchange, asking the following questions:

"Are not the shares listed on this exchange, representative of the largest and most successful corporations in the country?" he questions. "From the standpoint of size, financial resources, control of markets and a 'dominating' position generally, do not the securities listed on the leading stock exchanges include the majority of the 'big' corporations of the country? If the big corporation is getting the lion's share of our national prosperity at the present time, would it not be strange if the prices of the securities which represent these corporations did not stand out prominently in comparison with other values? Are not the spectacular movements on the stock exchange merely organized efforts of their sponsors to capitalize, in terms of per share values, the favored position of the large successful corporation over the 'average run' of business concerns."

The picture is so strikingly drawn that we were tempted to answer these questions. Instead, we will neither "deny nor affirm," as the newspaper correspondents would write it, but will let our readers answer the questions for themselves.

In the Next Issue

Coming Features of Importance

Will American Investors Hold the Bag for German Reparations

IF negotiations fix an annual sum and definite terms for Germany's reparations so as to permit refunding, who will become the moneyed angel? Will it fall to the lot of American investors? Read this enlightening discussion.

What Legislation Affecting Business and Finance May Be Expected from the Coming Congressional Session

CONGRESS convenes two days after the next issue. Important legislation will be forthcoming which may have a critical bearing on trade, industry and the market. This article, by a well informed observer, should prove of inestimable value in formulating future plans by business men and investors.

Profit Opportunities in Newcomers to the Stock Exchange

NEW listings are not infrequently quoted at prices below their real value for various reasons. Moreover, in some of these, which have a background of successful history, opportunities are presented for profit. A number of such seasoned new listings have been selected with special care.

The MAGAZINE of WALL STREET

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INVESTMENT & BUSINESS TREND

Stock Exchange Expansion—New Financing—Business Activity and Earnings—Copper Prosperity—Money

IN 1879, the New York City elevated line completed its first year of successful operation, opening the eyes of the nation to the possibilities of this "new" idea in rapid transit for our growing cities. In the half century that followed, the "L" system has been expanded to cover some 40 miles of track, electrification has long since replaced the puffy old steam engines that drew the trains on a level with the second story windows of the old New York houses, and in time the old structures will probably be pulled down for the more practical subway system.

It was also in 1879 that the New York Stock Exchange authorized forty new memberships, which were sold to pay for enlargement of the exchange building, bringing the total membership up to 1,100 where it has remained up to this day. During the entire year 1900 there were less than 140 million shares traded on the exchange. In October, 1928, the volume for the month alone came close to 100 million shares—a new high record and at the annual rate of about nine times more volume than at the start of the Century. Bond transactions which were negligible in earlier days have grown to proportions exceeding four billion dollars. Yet the number of members who are privileged to handle this tremendous turnover of stock and bond business remains the same as this is written as it was in 1879.

Proposals from within, and urgent requests from without, to increase the membership have been voted down repeatedly—but there is still hope. Recently a session attended by some 600 members at a closed meeting, is reported to have been favorably disposed toward one of several plans to add to the membership. The principle under which this expansion of facilities will be worked out is understood to be something in the nature of a "dividend" to present members who will receive the proceeds from the sale of new seats in equal proportion. Reports place the extent of the proposed increase in membership from 100 per cent to 25 per cent. This is certainly a step in the right direction, especially if the "eight or ten million share days" predicted recently by a prominent market operator should materialize in the near future.

NEW FINANCING

ALTHOUGH the total of new bond offerings is materially below the average of recent years a sharp increase has been apparent during the opening days of November and the total for the week ended November third is the highest point in some time. The activity seems due in large measure to the considerable number of small issues ranging from one to five million. Even though much of it may be of an opportunist nature, renewed interest in new financing through bonds is of interest in view of the growing tendency in recent months to favor common stocks as

a vehicle for securing new capital funds. It is perhaps in accord with this trend that so many new bond issues carry common stock conversion privileges.

BUSINESS ACTIVITY AND EARNINGS

NOT in a generation has business approached a national election with more equanimity and with more confident industrial and commercial activity than in 1928; despite the fact that election totals indicate that the public mind had anything but disregarded the importance of the compaign. The major divisions of production and trade continue at high levels as reflected in favorable reports from all sections of the country. Moreover, if reported earnings be taken as criteria the activity is of a variety which is most acceptable to stockholders. Third quarter earnings for General Motors, for example, are the highest ever shown by an industrial company in peace times. In addition the company elects to manifest its confidence in future conditions by the declaration of a 150% stock dividend and the disbursement of an extra in cash of 43.5 million dollars. United States Steel and other leading steel companies not only reveal third quarter operations at high levels but reflect the activity and the improving trend of prices in more favorable earnings than have obtained in two years. The showing of the railroads is more diversified; in many cases growing volume of freight traffic has not yet been able to exert its full influence. Nevertheless net for Class 1 roads for the first nine months is indicated as more than ten million dollars over the corresponding period of last year.

While the business situation does not present uniform strength in all divisions there is little to suggest that the current rate of expansion will not be extended, at least over the months immediately ahead.

COPPER PROSPERITY

WITH consumption at high levels both at home and abroad, and the consequent lowering of reserve stocks which has marked the passing months, has come a gradually ascending price scale, recently culminating in a 16 cent figure for domestic sales and a 16¼ cent price set by the Exporters Association. Although production has advanced some 20,000 tons per month since the first of the year, there is evidence that consumers are buying in excess of current needs. Unfilled orders have recently moved up rapidly.

Of course the situation is highly favorable to the producers and refiners and will doubtless find abundant reflection in forthcoming earnings statements. On the other hand, high prices invariably bring into production numerous high cost producers and if a measure of control is not exercised it is not improbable present prices may be rapidly lowered by the pressure of increasing supplies. History has shown this feast and famine cycle to be a feature of copper. With consumption probably sustained at constant levels, it lies with the copper industry itself as to just how long the present favorable phase of the cycle can be continued.

ACCEPTANCES

THE reduction of an eighth of one per cent in the acceptance rate, recently announced, is the third reduction of a like amount that has taken place in this division of the money market since the majority of the Federal Reserve Banks raised their rediscount rate to 5 per cent this summer. The first reduction was the occasion of considerable surprise for there seemed to exist at the time, a very strong likelihood that the bank rate would go higher than five per cent. The fact that Reserve banks open market bill purchases were expanded beyond their normal proportions led observers to the opinion that the earliest reductions in the acceptance rate represented one phase of skillful maneuvering to stabilize the reserve rate. As the same motive could hardly be attributed in the current instance, it becomes apparent that the influence of the international money markets is forcing the acceptance rate down to lower quotations in New York. Although the reserve banks are still actively engaged in open market operations, these activities are more in line with routine banking procedure, devoid of rate making intent. To explain the recent reduction in the acceptance rate, it seems unnecessary to look further than the competition of London and Amsterdam buyers of good bank-endorsed paper. From an international view, the point seems to be emphasized that New York is "out of line" with the world's money markets.

MARKET PROSPECT

AN analysis of the present market and its outlook will be found in the first article: "Interpreting the Election."

Interpreting The Election

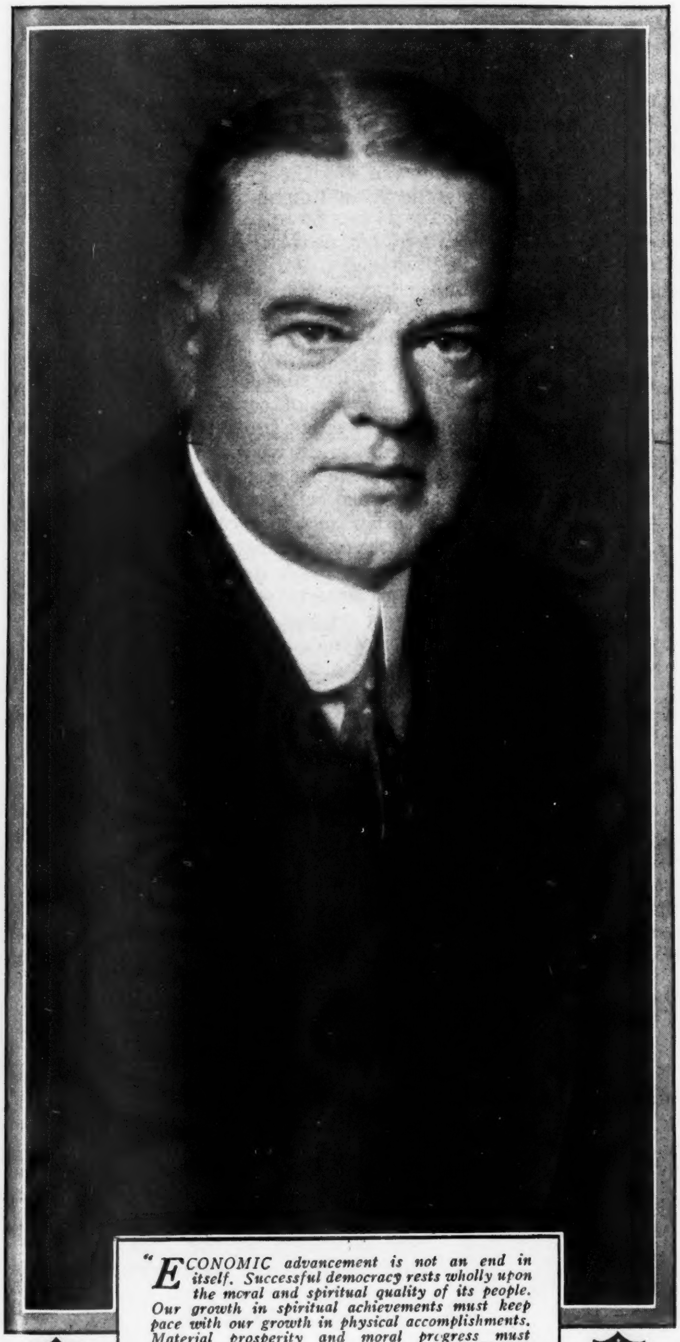
BUSINESS • • • • FINANCE • • • • SECURITIES

By

THEODORE M. KNAPPEN

and

ROBERT E. STANLAWS



"ECONOMIC advancement is not an end in itself. Successful democracy rests wholly upon the moral and spiritual quality of its people. Our growth in spiritual achievements must keep pace with our growth in physical accomplishments. Material prosperity and moral progress must march together if we would make the United States that commonwealth so grandly conceived by its founders."—HERBERT HOOVER.

SPEAKING at Utica, near the close of the electoral campaign, Senator Borah said that the election of Herbert Hoover to the presidency would mark the most glorious age in the history of the Republic.

At the time it was discounted as oratorical hyperbole befitting a campaign in which men had been stirred as they had not been for more than thirty years by a political contest. Now, that the din and smoke of the tremendous electoral battle is over, the prediction does not blow away and dissolve into mere campaign extravagance. On the contrary, it appears to be a sober prediction, well supported by the realities.

National Unity Demonstrated The tremendous victory of Hoover, terminating a contest in which, after all, there was no abyssal division of the parties, marks the achievement of a national unity of thought and opinion which can not but be productive of a great flowering of constructive enterprise. It is not the unity of domination of one section or of one party. It is a permeating national unity. Hoover will be the first President of all parties and all sections since Monroe. For the first time since before the Civil War a nominee of the Republican party has shattered the solid South. The sweep through Virginia, Tennessee, North Carolina, Florida and Texas is far more than a dramatic episode of a great contest; it is symbolic of the advent of a new age. The mighty Republic has found and chosen a leader who reflects the unity of the national spirit and the national thought.

This newly demonstrated unity, social and economic, is no less wonderful than the material power and success of the nation. Here is a populous nation of continental extent and a hundred racial derivations which is practically one in its economic and social philosophy—a philosophy that is all but entirely devoid of the destructive and subversive schisms that divert the energy of other nations from material achievement to futile factional wrangling over theoretical abstractions. There is nothing like it elsewhere in the world. Where most other nations are divided by

academic doctrines, the United States goes steadily to the polls and votes for prosperity. Even that was not truly an issue, for nobody proposed anything contrary to prosperity, but the people were determined to engage as the national prosperity manager the ablest man for the job.

A Wise Choice The greatest of the industrial nations has elected to its leadership the man above all others fitted for the peculiar task. It is now ready for the full development of its social, political and economic genius. After a hundred and forty years of politically-minded administration, during which our chief executives were dominated by political idealism or realism, the White House will soon shelter a President who is economically minded. After the soldiers, lawyers, philosophers and pedagogues in the White House comes an engineer; not only an engineer of things physical, but a business engineer who has successfully applied the engineering mind to private and public business direction the world around.

A business nation at last has a business chief—a man who believes that the business of the most powerful executive office in the world is primarily to advance the economic well-being of the people. No wonder the stock market thrilled to the news of his election and met sympathetic responses from all the bourses of Europe! No hard-boiled business directorate could have chosen more sagaciously.

The vast and complex machine of American industry and commerce is to be driven and guided for the next four years by the one man in all the nation most fitted for the task. Political and business leadership are united in the chief executive of the nation. Backed by an authoritative popular mandate, Herbert Hoover is free to apply his definite ideas of the relations of government and business on the most suitable stage ever provided by any people in any age.

The Hoover Ideas Let us see what those ideas are, and then consider what are likely to be the results of their application. They issue from a profound belief in individualism, as opposed to socialism, modified by the concept of government as occupying the roles of both coach and umpire. Uncle Sam is to keep out of business, but he is to instruct and inspire business on the one hand, and on the other hand see that the eternal game of competition is waged according to rules that will keep open the doors of opportunity and prevent individual success from being a general evil. This, Hoover conceives to be the American system—a system uniquely American, politically, socially and economically.

"It has been the moving force of our progress," he says. "It has brought us into the leadership of the world."

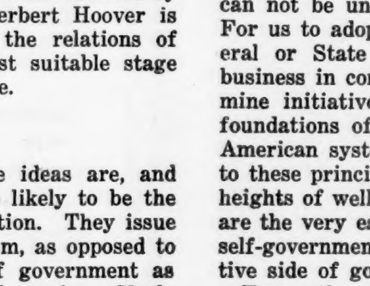
The political and social aspects of this trinity are as old as the Republic, but the new leader tells us that the economic side is only now being evolved—and that is the big new progressive job to which he consecrates himself as President—the Americanization of business in harmony with American social and political ideals. From liberty and freedom guaranteed to every person, from the social principle of equality of opportunity, we now go on to the development of the American economic system, which the new leader defines as one that denies the inevitability of proverty and makes good the denial by providing an abundance of wealth.

Ideal of Equal Opportunity "The dominating idea of that system," he says, "is that labor on the one hand and capital, which in America means the savings of the people, on the other hand, by joint effort can steadily influence the efficiency of production and distribution. In other words, we find that by joint effort we can steadily increase the production of goods by each individual and we can at the same time decrease the cost of goods. As we increase the volume of goods, we have more to divide, and we thereby steadily lift the standard of living of the whole people. We have proved this to be true, and by this proof we have laid away the old theory of inevitable poverty alongside the theory of human slavery."

No Competition With Private Business "These three revolutionary American ideas, political, social and economic, are interlocked and enmeshed," the President-elect said at St. Louis. "They are dominated and cemented by the ideal and practice of equal opportunity. They constitute one great system protecting our individualism and stimulating initiative and enterprise in our people. This is the American system. One part of it can not be undermined without destroying the whole. For us to adopt other social conceptions, such as Federal or State Government entrance into commercial business in competition with its citizens, would undermine initiative and enterprise, and destroy the very foundations of freedom and progress upon which the American system is builded. * * * * * * By adhering to these principles we have raised humanity to greater heights of well being than ever before in history. They are the very essence of progressive government and of self-government. We must apply them to the constructive side of government."

From the almost countless utterances in which Hoover has outlined his ideas of the relations of government to business, during the last ten or twelve years, we can get a clear idea of what his policies are to be in applying his ideas.

In the first place, the government, itself, under Hoover will undertake boldly and energetically those great tasks of material construction which the extremest individualism delegates to it. The Federal government is no longer to dally and procrastinate with the material enterprises which are within its proper sphere. If Hoover shall have his way we shall go rapidly ahead with the systematic building of public works, such as inland waterways, flood control, public buildings, highways, land reclamation and public buildings. As long ago as the unemployment conference over which he presided in 1921, he gave his adherence to the idea that public works should be especially pushed in times of business de-



pression and unemployment. "The only real and lasting remedy for unemployment is employment," he said.

We may expect the rapid completion of an internal waterway system of 12,000 miles, which Hoover is convinced is necessary to the increasing commerce of the Mississippi valley and to offset the transportation discriminations the Panama Canal and the increase of railway rates have imposed upon that region.

Expanded Buying Power The rapid mastery of flood control is to go hand in hand with waterway development, thus providing "jobs for an army of men" and creating extensive buying power. These works will require large amounts of material and equipment and will supply outlets for manufacturing power. We may also expect some monumental undertakings in the way of national highways, perhaps one or two transcontinental highways that will surpass anything in the way of magnificent road building by the Caesars and Napoleon. The merchant marine is due for quick restoration, athough not by governmental building, and air transport will be fostered. Public buildings will be reared throughout the country. Not less than a billion dollars will be spent on public works in the next four years; more if a condition of unemployment should arise.

In the exercise of its duty of leadership, as Hoover conceives it, in dealing with business problems that are beyond the power of private agencies, he has promised a determined and comprehensive effort by the government to deal with agricultural distress. If the approaching short session of Congress can not provide the necessary funds and instrumentalities, a special session is to be called immediately after March 4. He believes that the agricultural problem can be solved by means of governmental leadership. Nothing could be of more help in maintaining stable prosperity than the restoration of agriculture to a paying basis. Hoover has tackled nothing in his long career of constructive effort that equals the problem of the control of agricultural surpluses, nothing that has so supremely tested his belief that mind in government can accomplish anything.

Foreign Trade Will Grow The whole power of the government will be put behind the expansion of foreign trade. As Secretary of Commerce Hoover has built up the greatest governmental organization for the promotion of foreign trade that any nation has ever had. With presidential initiative in his hands, it may be confidently expected that our foreign traders will find the government more than ever the leader in opening channels for American goods the world over. This will be done without any sacrifice of the protective tariff system, which Hoover profoundly believes to be not only indispensable to American prosperity but also a benefit to other nations.

In the White House, Hoover will be in a position to do far more than as Secretary of Commerce in his largely successful enterprise of flattening out the curves of the business cycle.

It may be expected that with the prestige of the presidency helping him, he will bring to early fruition his long-entertained scheme of endowing and encouraging pure scientific research to the end that applied science in industry may have fresh sources of knowledge for the further mastery of material for human good.

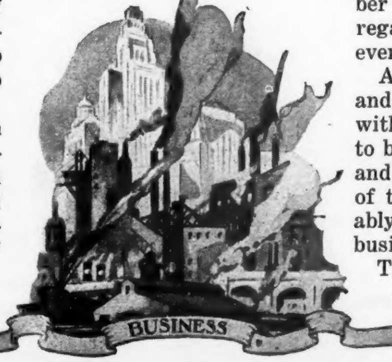
Business in Government Finally, Hoover as President will bring to its climax his work as Secretary of Commerce in raising the ideals and improving the practical standards of business. The policy of cooperation with, instead of persecution of, business will receive further development. Coolidge has been a conservator of business—Hoover will be a builder of business. Big business will not be harassed but a great impetus will be given to the Hoover idea that business must be good as well as big, and that it must put and keep its own house in order, in light of the public welfare. It is not improbable that modification of the anti-trust laws will be sought to the end that ruinous competition may not continue to work destructive results in the way of over-production, unnecessarily rapid exhaustion of natural resources, and dangerous and unwieldy consolidations that tend to become bureaucracies and stiflers of individual initiative.

Business will be let alone just so far as its conduct justifies independence. The government will approach every conjunction of business and public policy with the controlling thought that private enterprise can do a better job with almost every sort of economic undertaking than government can. American talent for industry, commerce and finance will have a free hand so long as it does not abuse its freedom. It will be encouraged and assisted in the work it has undertaken with much success of abolishing poverty through the production of enough wealth to go amply around the whole national group. The improvement of manufacturing and distribution processes, the elimination of waste, the augmentation of efficiency, the refinement of product—all of which have made such vast strides since Hoover undertook the leadership in those directions—will be further encouraged by the Hoover administration.

Reorganization of the Government To carry through all these great tasks necessitates a governmental organization of unprecedented ability, integrity and devotion. Hoover will provide it. He will apply to all governmental departments the same practices he has followed in the Department of Commerce of finding brains and rewarding them. The politicians will be dismayed by his appointments to office. They will not be entirely ignored, but they will be disgusted with the number of appointments that will be made regardless of political experience and even of party affiliations.

As a President elected by all sections and all parties and successful in politics, without being a politician or obligated to bosses, he will be in a position to mold and direct the vast machine of the government conformably to the best modern business practice.

The American people



are about to witness a monumental demonstration of the superiority of what Hoover calls the American system. He hopes to show the world that a democracy can accomplish more in social and economic improvement and progress than any dictator. He intends to demonstrate that mind can be applied to government; and through government to business without the aid of oppressive laws and the curtailment of individual liberty of initiative and action.

A Policy of Prosperity It may be safely predicted that so long as Hoover is in the White House the whole power of government will be intelligently applied to the economic betterment of the country. The government of the most powerful and wealthy nation in the world will be unceasingly directed toward the goal of the abolishment of economic distress, of the ending of the fear of poverty, of the ultimate solution of the problem of enough for everybody. All that government can contribute to prosperity will be contributed. Never was a new administration so auspicious for prosperity as the one that the American people have decreed by a popular decision arrived at by the votes of 40,000,000 electors. It was a verdict in favor of prosperity—and it will be sustained by the event.

As Rome had its Augustan age and Britain its Victorian age, so we are about to enter upon an epoch of affluence and magnificence, of peace and prosperity, that history may well record as the Hooverian age.

Election's Effect on the Market

MR. HOOVER'S sweeping victory, as in the case of Mr. Coolidge's success four years ago, was greeted by the stock market with an immediate outburst of bullish enthusiasm. Whatever construction may be placed upon the outcome of the election in respect to other issues of the late presidential campaign, there is no mistaking the market's interpretation of the verdict as an assurance of continued economic progress.

Though it is debatable whether presidential elections, in the long run, produce changes in the trend of business, when the contesting parties are in such close agreement on economic issues as they were this year, the date of election is usually pitched upon by speculative interests as fixing a probable turning point in the stock market. This attitude probably arises from the belief that a change of administration at Washington is likely to bring early reconsideration of public problems.

It was generally conceded from the very beginning of the recent contest that the prosperity of the United States would be unaffected by the results of the presidential election. Nevertheless, the stock market developed some nervousness in the two weeks preceding November 6. Little progress was made on the upside and frequently recurring setbacks unsettled sentiment.

Prices had, of course, risen rapidly during the August-September forward movement and a fresh bull cycle was super-imposed upon these gains, after a brief rest, in the fore part of October. A breathing spell was undoubtedly in order on technical grounds alone. The impending election thus loomed as a more potent factor of possible disturbance than might otherwise have been the case.

The pre-election unsettlement may also be attributed, in part, to the lack of experience of many traders and investors with an election market. The vastly expanded public interest in securities is a development of the last four years. Accordingly, a presidential election has not heretofore figured in the calculations of a large section of the stock market's following. Not knowing precisely how to weigh the probable effects, many traders adopted a cautious policy and curtailed their activities.

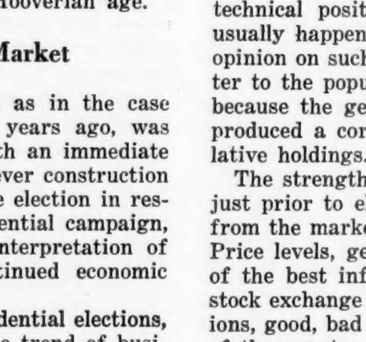
Indecision was not entirely confined to the newer class of buyers, however, but extended to the rank and file. There was a rather general feeling that the market would suffer a material setback after the election. This assumption seems ostensibly to have been formulated on the theory that, given a Republican victory, the October rise in the stock market would be construed as discounting that very result. Hence, it was concluded, a break must ensue.

Strong Technical Position This attitude of uncertainty and "watchful waiting" encouraged several concerted drives designed to prompt liquidation. But the market gave ground reluctantly and by its subsequent action revealed an improvement in technical position resulting from these attacks. As usually happens when there is too much unanimity of opinion on such matters, the market has thus run counter to the popular pre-election expectations, principally because the general anticipation of a break, of itself, produced a corrective through the reduction of speculative holdings.

The strength developed in the three trading sessions just prior to election day, may be held to have arisen from the market's ability to foreshadow coming events. Price levels, generally speaking, represent a consensus of the best informed individuals. That is to say, the stock exchange is a sort of clearing house for the opinions, good, bad and indifferent, of investors in all parts of the country. This consensus was, at least in some measure, expressed in the presidential election betting odds, varying between 3½ to 5 to 1 in favor of Mr. Hoover, so that the election results were not in the nature of a surprise.

The market, in pursuance of its function of discounting anticipated developments, and aided by the foundation of technical strength laid by the preceding reactions, had begun to foreshadow the Republican success. Its subsequent further recovery represents, on the one hand, relief from such uncertainty as attended the election possibilities and on the other, the customary favorable reaction to the reelection of the Republican party.

The buoyancy of the market since the election very closely parallels that of the election market four years ago, although its exuberance then arose from a different cause. The period of twenty-four years prior to Mr. Coolidge's election, making due reservations for the Harding administration, was marked by political attacks upon the so-called "money power" and "big



business." Public opinion was not at all well disposed to the idea of government cooperation with business. There was much catering to the radical elements in both the old political parties. In addition the World War contributed its quota to a turmoil which was tending to restrain the normal expansion of the country's industrial life.

A New Attitude The election of 1924, with its drastic rebuke to the radicals, marked a turning point. Truckling to radicalism ceased. The administration policy of less government in busness and more business in government, initiated under Harding, gained fresh support. Business men took new heart and the stock market, under impetus of the general enthusiasm, became bouyant in anticipation of the orderly and unhampered progress of trade and industry.

In a very large measure, the work of the government during the past seven and more years has been in the nature of reconstruction and preparation for greater economic growth now in progress. Striking gains have been made already, especially among the newer industries born of modern scientific researches and inventions. The overwhelming defeat of threatened socialistic experiments in the 1924 presidential election and the popular demand for less Federal intervention in the affairs of legitimate business all worked to stimulate unprecedented response in the stock market.

The groundwork laid by the retiring administration would seem to have simplified the task of the new in promoting and accelerating the business expansion that has been the basis for the bull market in stocks, practically since the great deflation of 1921.

The Market's View The stock market manifestly looks upon Mr. Hoover's elevation to the Presidency as a happy omen. As an acknowledged business administrator of the first rank, Mr. Hoover is committed to a continuation of the policies that have fostered the growth of industry during the post-war era and which have contributed to the practical disappearance of the old, violent cycles of business prosperity and depression.

As Secretary of Commerce, the President-elect was instrumental in developing a system of cooperation between governmental and private agencies, designed to discover and remedy trade evils, promote stability and eliminate waste. Disturbances to individual industries, and hence to the stock market representatives of those industries, arising from efforts at legislative control of abuses and the inevitable Congressional investigations and political debates have been done away with in no small measure by this spirit of government cooperation.

At the same time, the realization of industries that trade associations and similar agencies might proceed with measures designed to bring order out of chaotic conditions without governmental interference, so long as there shall be no violations of the letter and spirit of the anti-trust laws, has been a material factor in restoring prosperity to such lines as copper and in laying the foundation for like improvements, in the sugar, rubber, lumber and oil industries. This feeling is bound to have favorable market repercussions over a long term.

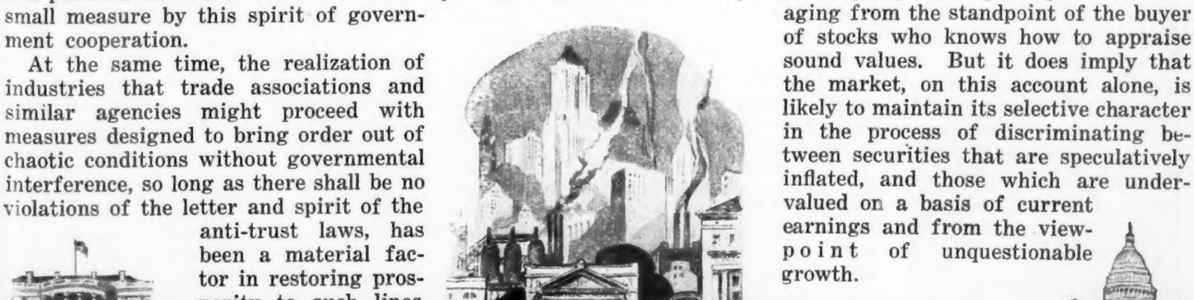
The enhancement in copper and oil stock prices, obviously, can be traced to the fact that through united action of producers, these industries, within recent months, have gone a great way toward lifting themselves out of the trough of depression. The strength in public utility shares may likewise be taken to indicate the market's belief that Mr. Hoover's firm stand in favor of private enterprise will assure the maximum development of that important field.

Though a little belatedly, repercussions of the election have likewise begun to be felt among the railroad stocks. This group has lain dormant practically since the current bull market got under way last summer. The prospect of improving earnings over the balance of the year and in the early part of 1929, undoubtedly, has tended to stimulate a revival of interest in the carriers. But Mr. Hoover's utterances suggest that he is likely to foster the movement toward railroad unification. The new administration's efforts in this direction should be facilitated by the fact that the election has given it a working majority in both houses of Congress, something Mr. Coolidge did not possess. The market evidently looks with confidence upon the future political aspects of the railroad industry accordingly.

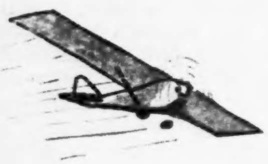
The President-elect's attitude on these subjects, may be summarized in his own words, "never has there been a period when the Federal Government has given such aid and impulse to the progress of our people, not alone to economic progress but to the development of agencies which make for moral and spiritual progress. But in addition to this great record of contributions * * * * to progress there has been a further fundamental contribution * * * * * * * and that is the resistance to every attempt to inject the Government into business in competition with its citizens."

Thus, in its initial response, the stock market has looked to these constructive policies and the prospect of their continuation as its cue for a new bullish demonstration. Its enthusiasm undoubtedly has considerable justification, but it still behooves the investor to maintain poise and caution. In the flush of post-election excitement it should not be forgotten that the stock market has other problems to solve.

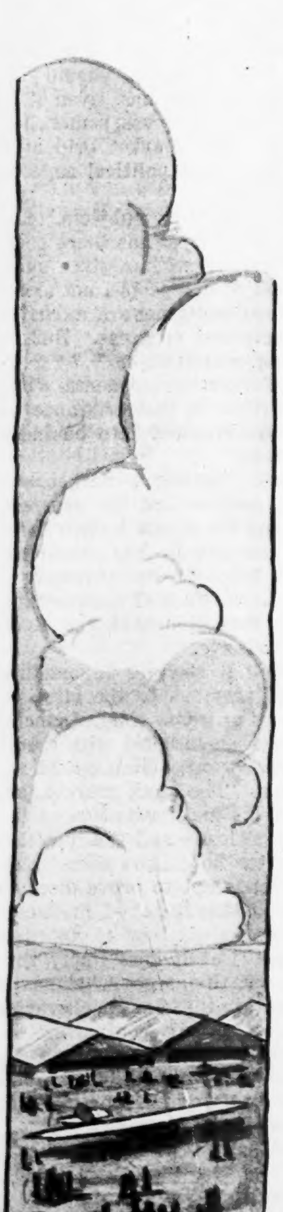
Thus, it may be surmised that changes in banking policies which were withheld previous to the election, may soon receive attention. For some time, financial interests have not been altogether satisfied with credit conditions but have postponed serious action out of regard to the political situation. The stock market, accordingly, may well have to give more attention to the problem of increasing brokers' loans and the question of money rate trends than it has heretofore done. This is not to say that the prospect is apt to prove discouraging from the standpoint of the buyer of stocks who knows how to appraise sound values. But it does imply that the market, on this account alone, is likely to maintain its selective character in the process of discriminating between securities that are speculatively inflated, and those which are undervalued on a basis of current earnings and from the viewpoint of unquestionable growth.



Airways To



Tremendous Growth of Commercial Aviation and Airplane Manufacture the Forerunner of a Great Industry



BY an odd but significant coincidence, one of the greatest railroads, the leading express company and the largest bank in this country have placed the seal of their approval upon air transportation, all within a month. "The Pennsylvania Railroad," said President W. W. Atterbury, "is going into the aviation business because the management believes that the time is ripe for the transportation of passengers by air." Robert E. M. Cowie, president of the American Railway Express urged in an address that "every effort be made to impress upon the public that flying is now recognized as a swift way of traveling." The investment by the National City Company affiliated with the National City Bank of New York, of $5,000,000 in aviation is sufficient evidence that the art of flying has developed into a sound industry with infinite possibilities.

A leading designer of airplanes concisely sums up the present status of aviation: "We are making airplanes today, not for dramatic adventure but to meet the swiftly rising demand for dependable means of air transport. The romantic element of human flight remains, but science and experience have added safety, reduced costs and put the zest and advantages of air travel within the reach of everyone."

Aviation as a Business

It does not require a brilliant imagination to foresee the ultimate attainment of aircraft's destiny. A hundred and more hard facts at the present day point in this direction and only the wilfully blind can shut their eyes to the amazing and rapid strides that are being made in the progress of aviation as a business. True it be, that we have not advanced more than a fraction of the road to be covered, but this fraction is impressive enough by itself to demonstrate the certainty of ultimate victory. Flying already has passed the purely experimental stage and is assuming each day larger proportions as one of the essential and modern industries of our complicated economic structure.

Along what lines further development will take place can only partly be guessed. There is, of course, a close inter-relation between the mechanical, manufacturing and practical application factors that enter into the situation. Undoubtedly the first is the most important of the three, and easily dominates the other two factors. The modern flying equipment has, within a few years' time, gained considerably in performance and safety but its perfection still needs a vast amount of engineering inventiveness. Not until a practically fool-proof power plant is constructed, all of whose essential parts at the same time are able to withstand the tremendous vibration of the compact, light-weight and high-speed engine, can the airplane be considered as entirely satisfactory. In addition, if, without adding too much to its manufacturing and maintenance cost, a heavier than air machine could be put out allowing for more vertical alighting and landing another valuable increase of safety would be attained together with the elimination of the present costly and space absorbing runways; moreover, this latter advantage would permit the establishment of air stations in the very centers of population instead of, as is the practice now, at an inconvenient distance from such centers.

Important Details in Development

Nevertheless, even the present type of airplane motor is remarkable in its achievement. It seems as if, at least for the time being, the principles of construction have been stabilized, while improvements confine themselves to minor details. Yet it should not be lost sight of that from a performance and safety standpoint, minor points may be of the greatest consequence. The solidity of a small fuel pipe or oil-conduit may increase the safety several times and there are a hundred and more other points that determine the merits and reliability of an air-craft motor.

It is perhaps not realized by the public at large that air-traveling has reached a high degree of safety. A great many of the fatalities are due to "stunt" flying and the operation of machines by inexperienced individuals, or they occur in military operations which necessarily involve unusual risks. It is fair to exclude these from a survey of commercial flying which may be considered as most typical of normal flying. Contract air mail operators reported for the year 1927 not more than 1 passenger and 6 pilots killed on a total distance flown of 4,500,000 miles and a total of 8,679 passengers carried.

Many accident insurance companies now cover their policyholders for loss incurred as a passenger in a licensed airplane operated by a licensed pilot upon a regular established route. It has been stated that 42 out of 50 leading life insurance companies in the United States and Canada do not eliminate liability from aeronautical activities, while the remaining 8 companies have either a one year or a two year elimi-

Everywhere

By
Jackson Martindell

nation rider. This means that these companies are covering travel by air to the extent of some 73 billion dollars. A survey by one of the largest accident companies in the world disclosed the fact that the hazards of regularly established and licensed aviation are little greater than those which beset pedestrians or motorists.

Increasing Safety

Without such comparative and constantly increasing safety the practical use of aircraft would not have reached present day proportions. It should not be forgotten that only a quarter of a century ago Wright Brothers inaugurated the aerial age and stimulated the interest in aviation. The Great War, however, developed the art on a large scale, taking cognizance of the tremendous value of aerial reconnaissance, bombing, etc. It could command appropriations of any amount and the element of personal and material risk was no consideration. In addition, the best engineering talent and a wealth of practical experience was available. No wonder, therefore, that in those four years aviation advanced by leaps and bounds.

The cessation of hostilities released a large amount of flying equipment from military uses while a great many airplane manufacturers especially in the United States, suddenly found themselves stocked with a tremendous volume of material that they could not dispose of. Public interest in aeronautics had been awakened, but Europe was impoverished and our own country also had to cut down appropriations and had to accept an economy program. A series of unfortunate mishaps further dampened flying enthusiasm and all these adverse factors combined threatened to destroy whatever was left of a once glorious industry.

Renewed Interest

It was not until 1925 that a change took place. Since 1918, the Post Office Department had operated a very limited Air Mail Service. In 1925, however, a sum of $2,750,000 was appropriated for air mail development and the National Air Transport Co., Inc., was formed to carry air mail under contract with the Government. Other factors contributed to the opening up of a new era for the aviation industry, as the gradual absorption and wearing out of surplus war material, the interest which the Ford Motor enterprise took in aviation by forming a separate operating subsidiary, and later on the stirring effect of the Lindbergh and other outstanding performances.

In the last few years the industry has been expanding and advancing about as rapidly as during the war period but this time principally along commercial lines, although Government orders still form an important part of the bookings.

Statistical compilations by government agencies and financial services show that the number of planes manufactured in the United States which amounted to 662 in 1919, dropped to 302 in 1921, but rose in 1923 to 587, in 1925 to 789, in 1926 to 1,186, in 1927 to 1,995 and for 1928 is estimated at 7,000, while 1929 is expected to step up to anywhere between 12,000 and 15,000 planes. The estimated production of motors in 1927 was 665 units, 4,500 units in 1928 and 10,000 in 1929. The total value of all air products in 1927 amounted to over $21,000,000.

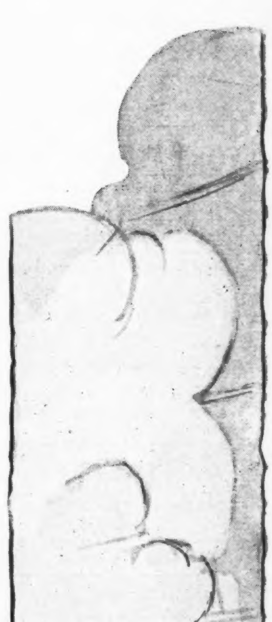
The grand total of miles flown in the United States by all commercial and government machines increased from 33,132,000 miles in 1926 to 39,327,000 in 1927. The commercial mileage, however, increased from 7,998,000 to 12,610,000 or 57% while government mileage only gained 6% through an increase from 25,134,000 to 26,718,000. It is evident that commercial flying is on the road to leadership. More than 94% of all governmental flying during 1927 was done by army and navy aircraft.

Two Main Divisions

Commercial flying may be subdivided into air transport, representing scheduled air routes only and aerial service. The former employed 144 planes and 24 operators in 1927 against 95 planes and 19 operators in 1926; the mileage flown increased from 2,026,000 to 3,922,000; 12,597 passengers were carried in 1927 against 5,782 in 1926, while tons of freight carried rose from 1,733,000 in 1926 to 2,307,000 in 1927.

Aerial service (all privately operated services not being regular lines) flew 8,341,000 miles in 1927 against 7,656,000 miles in 1926. It carried 476,000 passengers against 380,000 and 241,300 tons of freight against 182,000 tons. Employed were 357 operators in 1927 against 420 in 1926 while the number of planes decreased from 969 to 768.

In the aeronautical manufacturing industry, outside of a few larger companies, the business is divided over a large number of small concerns. According to Department of Commerce estimates there were in the middle of this year 68 concerns producing 133 different models in 140 factories at the rate of about 410 complete planes per month,



or about 6 planes per month per company. The number of airplane motor manufacturers is considerably smaller, a majority of the plane factories ordering their motors from engine builders. Only a few companies make planes as well as engines. Automobile manufacturers who turned their attention to aircraft motor production now number five and include Ford (Stout Metal Airplane Co.), Packard, Continental Motors, Velie Motors and Auburn Motor Co. (Lycoming Mfg. Co.) It is rumored that General Motors contemplates joining the ranks.

The number of accessories manufacturers and other industries dependent upon aviation runs into several hundreds. They are engaged in the manufacture of such articles as parachutes, wheels, recording devices, propellers, photographic instruments, etc. Others are engaged in the lay-out of air-ports, erection of beacons, etc.

The aerial tax'cab service for sight-seeing, special delivery, etc., is stated to give work to more than 400 concerns, aerial advertising to more than half a hundred others, "dusting" for agricultural purposes to about ten, etc. The uses to which aircraft can be put are manifold and will increase in time.

Regarding the outlook for the industry the volume of

(*Please turn to page* 168)

Important Aviation and Allied Companies

Selected by The Magazine of Wall Street Staff from more than 150 organizations

Company	Earnings 1927	Earnings 1928	Recent Price	Dividend Rate	Yield	COMMENT
Aero Supply Mfg. Co., Inc...	Def.	$0.82†"A" 0.29†"B"	39 37½	$1.50 None	3.8% None	Incorporated 1925. Manufactures special hardware for aircraft. First quarter profits up sharply after 1927 loss. High enough on current earnings.
Advance Aircraft Corporation	N.F.	N.F.	....	None	None	Among oldest and largest makers of commercial planes. Made 454 planes in 1927, 1,200 planned for 1928. No financial statements published.*
Alexander Industries, Inc....	$144,530	N.F.	7-10	4%	4%	Ranks among first five domestic producers of airplanes in point of output. On profit basis 1926 and 1927. Common on dividend basis.*
Aviation Corp. of the Americas	....	....	28-30	None	None	Recently organized. Projected mail and passenger routes U. S. to Central and South America. Strong backing.*
Bellanca Aircraft Corp.......	....	....	24-25	None	None	Organized 1927. Established reputation. Substantial production. Outlook favorable.
Boeing Airplane & Transport Co.	$73,765 (6 mo.)	N.F.	....	None	None	Recently organized holding company. Controls successful manufacturing company, also mail and passenger lines. Strong backing.*
Consolidated Instrument Co. of America, Inc.........	N.F.	N.F.	8½-9½	None	None	Practical monopoly in instrument business. Diversified output. Earnings said to be good but actual figures not published.*
Continental Motors Corp....	$0.71	$1.25 (est.)	19	$0.80	4.2%	Manufactures engines for airplanes as well as automobiles. New product favorably regarded. Earnings increasing, financial position good. Attractive.
Curtiss Aeroplane & Motor Co., Inc.................	$2.54	$3.00 (est.)	135	$1.00	0.7%	One of the strongest and largest aircraft and motor producers, both for commercial and government use. Selling high but long term outlook favorable.
Curtiss Flying Service, Inc...	....	....	18	None	None	Formative stage. Strong backing. To establish flying schools, airports, air taxi service and sales agent for Curtiss products.*
Curtiss-Robertson Airplane Mfg. Co.................	....	....	128-135 (units)	None	None	Organized 1927 to manufacture commercial planes. Controlled by Curtiss A. & M. Production speeding up. Possibilities good.
Fairchild Aviation Corp.....	....	....	27	None	None	Recently organized holding company. Ambitious program, but not yet on paying basis. Long pull speculation.
Fokker Aircraft Corp. of America	N.F.	N.F.	14-16	None	None	Large producer of well-regarded plane. Incorporated 1927. Recent figures not published. Better than average prospects for long pull.
Goodyear Tire & Rubber Co.	$13.24	$0.33 (6 mo.)	78	None	None	Subsidiary manufactures lighter-than-air-craft. Government contracts for huge airships. Airship division may become real money maker in time. Attractive irrespective of aircraft interests.
Keystone Aircraft Corp......	....	$1.70 (7 mo.)	40	None	None	Large maker of military and naval planes. Operating on profitable basis. Better than average long-pull speculative possibilities.
Mahoney (B. F.) Aircraft Corp.	....	....	20-23	None	None	Successor to Ryan, maker of "Spirit of St. Louis." Production on fair volume basis. Financial statements not published.*
National Air Transport, Inc..	....	....	305-325	None	None	Incorporated 1925. Large transportation and air-mail business. Backed by strong plane manufacturers. Statements not published.*
Niles-Bement-Pond	$0.31	N.F.	110	None	None	Controls Pratt & Whitney, makers of well-known airplane engines, which should prove highly profitable in time. Stock high on current earnings.
Packard Motor Car Co.......	$3.91	$7.25	95	5.00 (inc. ex.)	5.3%	Large producer of airplane engines. New Diesel engine highly regarded. Automobile business likewise successful. Stock high but attractive.
Sikorsky Aviation Corporation	....	....	18-19	None	None	Recently incorporated. Ambitious program but volume still small. No figures published.*
Stinson Aircraft Corp........	$22,559	$144,339 (8 mo.)	18-20	None	None	Incorporated 1926. Production not yet in large volume but increasing and prospects satisfactory.*
Swallow Airplane Co........	....	....	115-125	None	None	A leading producer of airplanes in point of volume. Large volume of orders for future delivery. Rumors of merger possibilities.*
Thompson Products, Inc.	$3.52	N.F.	34	1.60	4.7%	Manufactures valves and other parts for airplanes and automobiles. Business increasing and financial position good.*
Transcontinental Air Transport, Inc.	....	....	19	None	None	Development stage but strongly backed. Airplane transportation in co-operation with railroads. Attractive prospects for long term.
Travel Air Mfg. Co..........	N.F.	N.F.	400	None	None	Organized 1925. Volume producer—about 900 planes in 1928. Strong competitive position. Figures not published. May absorb Swallow.*
Wright Aeronautical	$3.74	$3.64 (6 mo.)	191	2.00	1.1%	Largest and strongest maker of engines for airplanes. Profits increasing and outlook over long period favorable, despite big rise in price.

† First quarter 1928. N.F.—Not available. * Insufficient data available to justify market opinion.

Two Gifts FREE

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CONTENTS

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What Obstacles Block Railroad Consolidation? Will New Plans Be Presented?

Can Greater Economies and Larger Earnings be expected to Result?

These and other questions of vital interest to present and prospective railroad shareholders are discussed in:

Has Railroad Consolidation Failed?

By PIERCE H. FULTON

HAS railroad consolidation failed? If so, is that the principal reason why railroad stocks, with a few exceptions, have been so strikingly dull when many industrial issues were booming and making new high records each successive day?

If this gigantic undertaking, general railroad consolidation in the United States, is not dead, will it be revived? What could bring about such a change? Whatever it might be, would it be the signal for the beginning of the long looked-for but nearly despaired-of bull movement in the rails?

These questions have been uppermost recently in the minds of every one most vitally interested in the market future of railroad stocks. They had their origin largely in several announcements during the last few weeks and in the action of most railroad stocks in the market.

Recent Announcements

As to announcements, reference is made specially to the purchase by O. P. and M. J. Van Sweringen of the Iselin-Roosevelt holdings of Buffalo, Rochester & Pittsburgh Railway stock, representing about 67% of the total outstanding; to the withdrawal from the Interstate Commerce Commission by L. F. Loree and associates of a plan filed with that body sometime ago for the acquisition of stock control of the Kansas City Southern and St. Louis Southwestern by the Missouri-Kansas-Texas, and also to the filing with the Commission by the same interests of a plan for dissolving all corporate relations between the three companies, except the holding by the Kansas City Southern of 135,000 shares of St. Louis Southwestern preferred.

The B. R. & P. deal came out of a clear sky and was a complete surprise in railroad circles, and even in most banking circles. Little had been heard about the property since the failure, before the Commission, of two plans of Mr. Loree and associates in several eastern roads, to acquire control of it and lease the property to the Delaware & Hudson. For years prior to Mr. Loree's deal, it had been generally assumed that ultimately the road would go to the New York Central. By reason of the Van Sweringen purchase it will be lodged with a group entirely friendly to the New York Central, to say the least.

In some speculative circles the Van Sweringen deal has been spoken of as foreshadowing renewed effort on the part of the two Cleveland brothers to put together, in some form, the Nickel Plate, Chesapeake & Ohio, which owns control of the Hocking Valley, Erie and Pere Marquette, in all of which they have had millions of dollars invested for several years—and to add the B. R. & P.

This deal likewise, has suggested in the same circles, the possibility of a new start on the part of the executives of the already four big eastern systems, to make them still bigger by adding all the other roads east of the Mississippi—at least all they want, and can get.

An Uncompleted Plan

Whether or not this suggestion is well-founded, it is true that for more than 4 years this gigantic, and so far uncompleted, task has been under way. The plans that have been discussed during all this time have called for four major systems, that would embrace all but some of the small lines east of the Mississippi. At the head of these four systems respectively, would be the New York Central, Pennsylvania, Baltimore & Ohio and Nickel Plate. For a time L. F. Loree tried to put in a fifth system, but this idea, and Mr. Loree himself, have been eliminated by the purchase by the Pennsylvania of the Lehigh Valley and Wabash shares that he and his associates owned or controlled.

Viewing the consolidation situation still more broadly, even as it affects the railroads of the whole United States, it has been suggested that the entire question of railroad consolidation is about to be taken up anew. There has been active buying recently of the shares of several well-known railroads, that was believed to have been based on this idea, or at least hope.

While there has been little activity of a definite character with regard to railroad consolidation for some months, it is not accurate to say that the whole movement is dead. It may be true that more than the purchase of a controlling interest in a small railroad like the Buffalo, Rochester & Pittsburgh, that has only 602 miles of line, including branches and trackage privileges over other lines, may be necessary to revive this movement.

It is equally true, however, that the word "consolidation" still has a magic sound in the ears of speculators. Many of them had become impatient and discouraged over the small degree of activity, for a long time, with regard to this entire movement. Nevertheless, just as soon as even a comparatively minor announcement is made that indicates that something of importance may soon be done, interest revives and buying of stocks is renewed.

An announcement of no more importance than might be attached by the average reader of railroad news to the most recent change in control of the Buffalo, Rochester & Pittsburgh easily might do the trick, just the same. Often it has in the past. Much depends upon how the event or its announcement strikes the speculative mind psychologically.

Not a Dead Issue

Going back for a moment to our original question, "Is Railroad Consolidation Dead?" it seems safe to answer decisively "No." It may be true that the movement, *as it has been handled,* is largely dead. Putting it another way, this might mean only that the kind of plan that has been attempted in most cases won't go. This would necessitate the finding of a new kind of plan that would go, and new ways of putting it into effect.

What I am trying to emphasize is that the main idea, the broad principles, of consolidation are not dead. The desire still exists in various circles to put them into effect, in spite of the severe rebuffs that have been experienced in connection with several well-known plans, notably those of the Van Sweringens and of L. F. Loree and associates.

It is now in order to inquire as to some of the reasons why the proposal of the Interstate Commerce Commission to place the railroads of the United States into 19 or 20 geographical groups has made practically no progress, although it has been in hand for some years.

If the different groups most vitally interested in this movement were to be asked to name the principal reason for this notable lack of progress, a variety of answers would be forthcoming. Start with the executives, their counsel and bankers. Let us speak plainly.

Most of them would tell you that comprehensive consolidation of a genuine kind has not been accomplished because of the failure of Congress to enact the proper kind of legislation and of the I. C. C. to promulgate a permanent plan, such as it was charged by Congress several years ago to do.

Ask the I. C. C.. If its members would tell what has been in their minds for some time they would say—one of their number actually has said it in connection with a well-known attempt at a railroad merger, that has failed completely, not once but twice: "Most of the plans that have been rejected by us were not meritorious, as a whole, but were of such a character that we could not be expected to approve them and maintain the dignity of the Commission, or we, as individual members, our personal respect. We would like to approve some merger plans but we must have a different kind before we act affirmatively."

Now a few words as to whether these various reasons are well founded. Take those of the executives. They want legislation that will enable them to buy the physical property and assets of a railroad, as well as its stock, and make them an integral and corporate part of the purchasing railroad, as would be done in the purchase of a piece of real estate, for example, or a property of any kind.

Such legislation has not been enacted. The Parker bill, that has been in Congress in at least two different forms for some time, provides for this very thing, and contains other features that would make genuine consolidation easier, and more satisfactory. The trouble is that the bill has not been passed, and may not be at the forthcoming session of Congress.

No Permanent Plan

It is true, also, that the I. C. C. has failed to bring out more than its original and tentative consolidation plan, that was based on that of Prof. Ripley of Harvard. On the contrary, the Commission has asked Congress in two successive annual reports to that body, to be relieved from making a permanent plan, although it had been charged by Congress to do it as soon as reasonable after the completion of hearings on the tentative plan. The executives say that until a permanent plan is in effect, there is little or nothing for them to go by, in the making of the so-called voluntary plans that they are permitted to submit to the Commission.

(*Please turn to page* 172)

The following table gives gross earnings and net income—actual for 1927, partly estimated for 1928—rate of dividend paid and probable return for common stock this year, of individual railroads in several groups, most likely to go into mergers:

Railroad	Gross Earnings 1928	Gross Earnings 1927	Net Income 1928	Net Income 1927	Div. Pd. on Com.	Est. 1928 Earnings for Com.
Kansas City So...	$21,510,000	$22,048,605	$1,350,000	$1,807,666	$..	$4.50
Mo.-Kan.-Tex. ..	55,425,000	56,181,527	6,744,809	5,994,809	....	4.50
St. Louis S. W.	25,546,525	24,296,525	2,147,314	1,847,314	....	7.05
Rock Island	141,500,000	140,086,990	13,500,000	12,568,830	6	13.20
Frisco	84,411,073	89,259,584	8,864,000	7,464,235	8	11.25
Gt. Northern ..	122,154,004	117,904,004	24,985,922	22,985,922	5	10.50
Northern Pac. ..	101,400,000	95,574,816	20,767,000	18,538,423	5	8.30
N. Y. Central ..	377,047,000	383,377,311	55,696,145	58,563,145	8	12.02
Mich. Central ..	90,867,000	89,750,602	17,016,558	16,866,558	50	90.10
Big Four	89,185,737	91,185,737	7,775,382	8,775,382	8	16.53
Nickel Plate	52,853,268	53,619,600	6,700,000	6,639,477	6	15.44
Chesapeake & O.	121,042,174	133,042,174	25,617,315	28,607,315	10	22.00
Pere Marquette..	45,000,000	44,744,593	7,800,000	7,176,924	6	14.00
Erie	121,855,405	122,478,354	6,512,649	3,512,649	....	2.60
Buf., Roch. & P.	17,600,000	17,522,089	1,001,277	1,277	4	6.10

Several brief explanatory statements will help to make the foregoing table clearer and more informative. The estimated net income of $1,350,000 for Kansas City Southern this year does not include $1,100,000 profit realized from the sale of 20,000 shares of Cotton Belt common. If this were to be added in the balance for that issue, the total would be $2,450,000.

Except for heavy extraordinary charges to operation in the latter months of this year undoubtedly Rock Island would have shown at least 14% on its common stocks.

Frisco's final results for 1928 have been changed considerably by the recasting of its capital structure, that has been in progress the greater part of this year.

Official estimates placed the saving to the proposed merger of the Great Northern and Northern Pacific plan at $10,000,000 a year.

Because of the greatly confused and uncertain status of the Van Sweringen undertakings, it would not be worth while to attempt an estimate of the net financial benefits if a plan were to go through that would embrace all five companies given in the table.

World Economic Position—Ten Years After The War

By Dr. Julius Klein

Director U. S. Bureau of Foreign and Domestic Commerce

WE take the greatest pleasure in publishing this magnificent analysis of the forces which have been in process of transforming the world's economic destiny during the past ten years. Dr. Klein, in this work, has given us a comprehensive account of the great business, industrial and financial developments of the day. Business people and investors generally will recognize the unusual value of this brilliant commemoration of the tenth anniversary of the Armistice.

IN TWO PARTS—PART II

In Part I of this article Dr. Klein draws attention to the revolution which has taken place in world industry and commerce since the war, raising the level of the world's economic position to standards well surpassing those which obtained before the war period. He cites the dramatic advance in production and the startling changes which have taken place in manufacturing, mining and agriculture, the shift of world supremacy in numerous products and the great advance in business management and international co-operation.—EDITOR.

WE come now to the second great group of economic activities, namely, those associated with distribution. First of all, of course, there are the physical devices available for the transportation of goods in process of distribution—railways, shipping, air lines and automotive vehicles. There have been numerous new developments in each of these fields.

The electrification of railways has proceeded with accelerated speed so that in 1926 there were more than six thousand miles of electrified railways (as distinguished from urban street railways) throughout the world, two-thirds of the mileage being in Europe. In Switzerland over seventy per cent of her railways are driven by electric power, but the United States has the greatest mileage of electrified standard gauge railways with about two thousand miles in 1926, approximately equal to the mileage of the next three countries, namely, France, Italy and Germany, taken together. Sweden and Switzerland follow these two.

The advance of railway network around the world is best indicated by the general improvement in its carrying power. The freight moved on all systems in 1913 was about 2.8 billion metric tons, whereas by 1926 the world's traffic had increased to 3.5 billions. Passenger traffic had risen during the same period from 6.9 billion to 9.5 billion. The effect of the increasing automotive traffic in the United States is shown by the fact that the number of passengers hauled by railroads has actually decreased since 1913, when the total was just about one billion, whereas in 1926 it was 874 million. Freight traffic, on the other hand, in this country has increased from one billion to 1.3.

Motor Traffic Works Revolution

The onward rush of motor traffic is, of course, one of the outstanding features of post-war transportation development. There are today almost exactly thirty million automobiles in use throughout the world, and nearly ninety per cent of these are of American make. They are scattered around the globe in every land and are gradually making their headway against competition of many ancient forms of transport. The momentum of this onward sweep is shown by the fact that the automotive "population" of the globe—passenger cars, trucks and motor cycles—has increased by sixty-three per cent since January 1, 1924. It is significant that the increase in the world outside of the United States has been 129 per cent during that time. The United States, of course, stands first in the ratio of the number of automobiles to persons (one to five), Australia is second with a car for every fourteen people. There are still openings abroad for the expansion of motor traffic in many markets, notably in the European countries where the distribution of cars per capita is still decidedly low—one to forty persons in the United Kingdom and France, one to 137 in Germany, 126 in Spain, 1,369 in Poland, 254 in Italy, 55 in Sweden, and 354 in Czechoslovakia.

The shipping industry was, as was indicated above, one of the hardest hit as the result of the war, due partly to heavy losses of merchant tonnage from submarines and heavy depreciation during internment. The world total today, however, is well above the figure at the close of the war.

For 1928 the available merchant marine in vessels over 100 tons was 66.9 million gross tons as against 57.3 million in 1920. In terms of actual efficiency, however, this increase stands at a much higher level because of the widespread introduction of Diesel motors, fuel oil, much more economical construction, and great advancement in the technique of handling cargoes and vessels in port.

Shipping Progress Hurts Britain

German tonnage has risen from about 400,000 after the Armistice to nearly four million today—largely a new fleet and consequently much more efficient in operation than the older bottoms of the other major maritime nations. The revolution in shipping has affected the economic status of England more than that of any other leading commercial country, and these hardships, as indicated above, bear heavily upon other phases of her trade and industry.

One interesting phase of the new world of shipping has been the steady

advance of the usage of the Panama Canal, whose availability has made a number of marked alterations in the trade routes of the world. Whereas it was used for but two thousand transits in 1919 as against three thousand in the case of the Suez Canal, the two are now running practically neck and neck with 5,545 transits in 1927 through the Suez and 5,475 through the Panama. In 1926 the latter actually exceeded the older cut in number of vessels passing through. In net tonnage they are likewise running a close race, with the Suez handling 28.9 million and the Panama Canal 27.7 in 1927.

Imports and Exports of Leading Countries

Per Cent of World Total (100 Countries)

COUNTRY	IMPORTS			EXPORTS		
	1911-1913	1926	1927	1911-1913	1926	1927
United States	8.4	13.6	12.3	12.4	16.0	15.4
Argentina	2.2	2.3	2.4	2.4	2.4	3.1
Australia	1.7	2.4	2.3	1.8	2.1	2.2
Belgium	4.3	2.3	2.4	3.8	2.2	2.3
Brazil	1.4	1.2	1.1	1.8	1.5	1.4
Canada	2.9	3.1	3.2	2.0	4.3	3.9
Chile	.6	.5	.4	.7	.7	.7
China	1.8	2.7	2.1	1.5	2.2	2.0
Cuba	.6	.8	.8	.8	1.0	1.0
Czechoslovakia	..	1.4	1.6	..	1.8	1.9
Denmark	1.0	1.3	1.3	1.0	1.3	1.3
France	7.8	5.9	6.1	6.7	6.4	6.8
Germany	10.1	7.3	9.9	11.4	7.7	7.7
India (British)	2.5	2.6	2.6	4.1	4.0	3.8
Italy	3.4	3.1	3.1	2.4	2.4	2.5
Japan	1.5	3.4	3.0	1.4	3.2	3.0
Malaya (British)	1.0	1.7	1.6	1.0	2.4	1.9
Mexico	.5	.5	.5	.8	1.1	.9
New Zealand	.5	.7	.6	.5	.7	.7
Netherlands	4.7	3.0	3.0	4.2	2.3	2.4
Netherland East Indies	.8	1.1	..	1.1	2.0	..
Norway	.7	.7	.8	.5	.6	.6
Poland	..	.5	1.0	..	.8	.9
Sweden	1.0	1.2	1.2	1.0	1.3	1.4
Switzerland	1.7	1.4	1.4	1.4	1.2	1.2
Union of South Africa	.9	1.0	1.0	.6	.7	.8
United Kingdom	17.4	18.5	17.4	15.4	12.6	12.8
Un. King. & Irish Free State	17.4	18.1	17.0	15.4	11.9	12.1
Venezuela	.1	.2	.3	.1	.2	.2

Trade Goes Into the Air

One of the completely new features of commercial transportation since the war is the development of commercial aeronautics, whose expansion was, of course, vastly accelerated as the result of wartime operations. The aeroplane has definitely come into its own as a part of business life, and although Europe exceeded the United States in many phases of this new arm of distribution the progress being made in this country is decidedly gratifying. The spectacular achievements of trans-Atlantic fliers have focused attention in unique fashion upon this new arm of fast transport. Governments throughout the world are giving it special favors, in many instances in Europe involving subsidies running from fifty to eighty-five per cent of the total cost.

In number of miles flown we are still far behind Europe with 5.8 million in 1927 as against her 12.6. In number of passengers carried we are even further behind: 8,572 as against 197,671 in the Old World. Likewise in freight and express carried we registered 2.2 million pounds in 1927, whereas Europe totaled 7.7 million. In miles of airway our total is about nine thousand, whereas that of Europe is approximately thirty-four thousand. One count upon which we now excel Europe is in miles of lighted airway, of which there are none in Europe and about six thousand in this country.

Profound Effects of Rapid Transportation

All of the various new or improved facilities for rapid transportation have profoundly affected the whole fabric of commerce. They have made available a system for hand-to-mouth buying, more rapid turnover, and consequent lessening of capital tied up in idle stock in the hands of distributors. It has also brought about a more rapid adjustment to demands of styles, which is an increasingly important factor in retailing. The generally accelerated tempo of business has resulted in a great increase in the number of small orders.

It is true that this piecemeal method of doing business, as pointed out recently by Norman F. Titus, Chief of the Transportation Division of the Department of Commerce, has increased the costs of accounting and shipping, but it has made for much greater precision in business operation, notably in the purchase of raw materials, and has, above all things, eliminated the great curse of cancellation of large orders, which has been so persistently a peril to the manufacturer.

The acceleration of transportation has greatly aided the distribution of farm products by cutting down the time of transit from harvest to retailer. Five or six years ago corn or flour was sold upon a requirement of a two months' delivery from the United States to the European markets; now the margin is about two weeks. This has shifted the center of our flour manufacturing industry so that Buffalo has now succeeded Minneapolis as our premier flour exporting city.

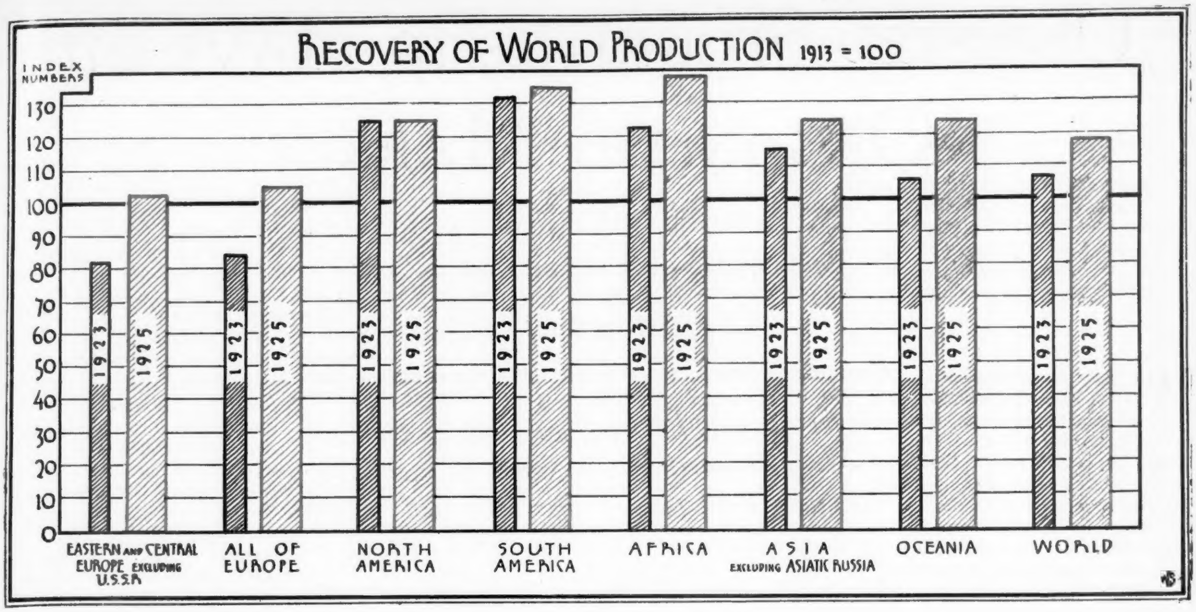
These changes have, of course, brought considerable pressure upon our warehousing systems and wholesaling operations, all of which are going through a trying period of readjustment. Demands for accelerated oversea deliveries have had similar effects of shifting assembling and processing industries from inland points to such gulf ports as Galveston and New Orleans. The speeding up of operations has resulted in more work being secured out of rolling stock. In 1926 the daily movement of a freight car averaged 30.4 miles as compared to 22.4 in 1921. The application of new efficiency methods is further illustrated by the fact that class one railways in the United States in 1926 handled over one-third more freight than in 1921, but employed less than one-twelfth more men to handle this increased traffic. Vast improvements have been made in the methods of disposing of perishables through the "staggering" of shipments with consequent increases in stability of trades.

Among the post-war changes those effected in the media for communication have been among the outstanding contributors to this whole phase of the acceleration of the tempo of business; particularly is this the case in connection with telephones, whose number throughout the world has risen from 13.9 million in 1913 to 29 million in 1926, with the figures for the United States for those two years standing at 9.5 and 17.7. Our supremacy in this field is further indicated by the fact that we have over 4,800 miles of telephone wire for every ten thousand inhabitants, which is more than double the amount for any other country with the exception of Canada. The advances made in international telephony have been particularly striking during this post-war period.

Telephone and Radio Revolution

Cable and telegraphic facilities have likewise been expanded though, of course, on a less spectacular scale. The mileage of telegraph wire has increased around the world from five million in 1913 to 6.6 million in 1926. And here again various international unions and conferences have been advancing the technique of the services. Great mergers such as that recently consummated under British auspices have made for increasing efficiency.

Each of the major countries of the world has fully appreciated the invaluable character of nationalized facili-



ties for communication. The lack of such facilities in pre-war days gravely hampered the commercial development of such remote areas as Australia and Japan; and the awakening of those far-off lands since the war has been due to no little extent to the marked improvement of cable and radio facilities. We are now in the midst of a "radio revolution."

New Weapons of Trade Warfare

The steadily tightening competition in the trade field during the post-war period has resulted in the fashioning of many new trade weapons and the re-adaptation of older ones. Combines, pools, mergers and cartels for the elimination of wasteful overlapping and destructive rivalries among groups of plants have been a natural outcome of this situation. There are today some twenty-eight or thirty international cartels operating in commodities whose value of output in American industries exceeds five billion dollars a year. The day of integrated mass trade effort as a counterpart of mass production is evidently at hand. There has been a good deal of misrepresentation, however, and irresponsible propaganda as to the intents and possibilities of such combines. The situation seems, therefore, to call for sober factual analysis, calm planning, and courageous action. There is certainly no room for emotional patrioteering on the one hand or supine defeatist submission on the other when it comes to consideration of the status of such cartels and other combined trade efforts.

It had been hoped that the Webb-Pomerene law passed in this country during the war, might be the answer to foreign collaborative competition, but a decade or more of the operation of the Act has revealed many obstacles to its complete success. Only a small number of the export associations registered under the Act are operating actively. The more successful ones are those dealing in bulk staples which seem to lend themselves most readily to such combined trading efforts.

Indeed this is also the experience of the European international cartels which have been more successful in such staple lines as steel rails, glass, fertilizers, industrial chemicals and other products, which are not highly intricate fabricated wares. These seem to fit more easily into the scheme of such dealings because of the convenience of establishing uniform standardized trade documents, accounting methods, cost quotas, inspection, grading, etc. The international cartel is clearly in its primitive stage as yet. Thus far the efforts to organize European industry in this way in direct competition with the United States has not yet come to the fore; in fact there are American members in some of the cartels. The effort has clearly been confined up to date to the elimination of intra-European rivalries and trade obstacles rather than to any concerted assault on American exports. Indeed in several cases the formation of cartels in recent years has resulted in an upward trend in prices, which has been helpful to all elements of the given industry.

No Occasion for Alarm as Yet

The effort to organize European competitors of ours into cartels in such major lines as films and automobiles has thus far failed because of the extreme difficulty of adjusting the widely divergent interests and operations of hundreds of forms, types and grades of output. It would seem, therefore, that so far as the European attempt in this field is concerned, we have no need to fear as yet any of the developments that have occurred. Nevertheless, the device is clearly in process of further experimentation.

Among the phenomena of commerce during this post-war period, a conspicuous part has been played by the world-wide efforts to minimize trade barriers. Indeed the gradual elimination of these vestiges of wartime defense measures has been a major purpose of numerous international commercial gatherings, both official and private. Much headway was made at the Economic Conference in Geneva in 1927, the outcome of which has been an international convention signed by twenty-seven nations for the elimination of many arbitrary barriers to exports and imports. Substantial headway is also being made in the adoption of uniform statistical and customs procedure which will likewise materially facilitate international business.

Trade Barriers

There are still many pending problems in this field of trade obstructions, including especially the various types of "contingents" or "quotas" arbitrarily fixed by some nations, which specifically limit the amount of trade to move in certain commodities. For example, Austria and Czechoslovakia have fixed the quantities of automobiles to be imported; Great Britain endeavored to control arbitrarily the amount of crude rubber to be exported from her Far Eastern plantations; Brazil through the valorization scheme, and Chile through nitrate and iodine controls likewise fixes the amount of trade in those commodities. A half a dozen countries are attempting to delimit film importations in a similar manner. The purpose of all these devices is partly to limit quantities in some cases so as to raise prices for major exports and in the case of the import items to protect the corresponding native industry or some other national interest. The problem is still far from solution, but is being attacked in individual cases with much

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Unlisted Securities *to* Have *an* Organized Market

N. Y. Produce Exchange to Open Security Division Before End of Year

By ARTHUR MILLARD

ANTICIPATING the new stock exchange facilities that will soon be available through the proposed stock and bond trading floor of the New York Produce Exchange, this article gives our readers an advance picture of the purpose of this new exchange, the methods of operation that will be adopted and the effect of this market on the unlisted security field as it is constituted at present.

BEFORE the end of the year, New York and the nation is destined to have its third primary stock market, through the stock trading facilities of the New York Produce Exchange. A special committee of this exchange has been investigating the problem since the first of the year; ascertaining the necessity for such a market; sounding out the sentiment of members of other exchanges and security dealers; formulating plans for the regulation of the business which will be transacted in this new division. It is understood that the tangible results of this survey now appear in a comprehensive report which has made a most favorable impression within the exchange and hastened the ratification of the new regulations that will govern stock trading by the officials and members of the exchange.

A Broadening Concept

"What! another Stock Exchange?" many investors will ask. It was not many years ago that the national body of investors had accustomed themselves to think of Wall Street in terms of the New York Stock Exchange alone, a view that in recent times has become a little broader and now also includes the Curb Market. The constant addition of listings on these two exchanges brings to the attention of the investors the names of companies with which they are familiar in various lines of industrial pursuit; trade names in business, and branded products in the extensive national advertising media.

Like the good citizens of Christopher Columbus' day, they have come to believe that beyond these familiar shores, no other lands exist. When the new exchange opens its doors for security trading, however, new realms will be thrown open for discovery and exploration in that extensive investment field now marked on the map as "Unlisted Securities—largely unknown territory."

From the standpoint of the number of issues, the stocks and bonds listed on the New York Stock Exchange and other recognized exchanges throughout the country constitute a decided minority of the total outstanding securities. The great majority of issues are, therefore, the unlisted securities. This latter group is indeed an interesting investment field, lacking none of the charm and fascination of the unknown or the uncharted. There is no official information compiled concerning these unlisted securities. No one knows how many issues there are; no one is even willing to hazard a guess as to how great a volume of business is transacted daily or monthly in the unlisted securities. Reference books that publish the quotations of dealers, compare with the list of quotations on the Stock Exchange as the New York City telephone books compare with the city directory of Oshkosh.

Some of these issues represent the stocks and bonds of large public utility and industrial corporations. These have an active market in the "Over-the-Counter-Market" which is a rather vague term in itself, but covers the activities of the leading unlisted security dealers in the more active issues. However, what probably constitutes the majority of the unlisted securities have an inactive market. The bid price is the "best that you can get" and the asked prices is the "least that you have to pay." All the odds and ends of the stock and bond offerings of the past half century that are not suited for listing have poured into the unlisted security field. Some of these offerings have been large; most of them are comparatively small and rather inactive, but in the aggregate they run into billions of dollars worth of securities.

Practically every city and town in the United States has some local enterprise that is capitalized in shares of stock or bonds which are not exactly privately owned—many of these are quoted in the unlisted security manuals and they go a long way in swelling the scope of this unlisted security field. All of the state, city, county, township, school district and water district bond issues by municipalities represent one division of the unlisted market in itself. Financial institutions and investment trust securities constitute another large division. There are foreign securities traded in the unlisted security markets, too numerous to list not to speak of thousands of industrials, public utilities and insurance stocks. All this is the unlisted securities field. It is too bulky and unwieldly to be greatly influenced by trends and price movements on the organized security markets except in the occasional swirls and eddies that come to the surface when some comparatively inactive issue is stirred into new life through some stimulating development in the affairs of the corporation which originally issued the security.

A Unique Field

The importance of the new security division of the Produce Exchange lies in the fact that it will draw upon this vast field for its listings. Investors who wish to go bargain-hunting in the extensive region of the unlisted security market will have the aid of an organized market and a ready quotation service as far as the more active issues in this field are concerned. From this standpoint the security trading floor of the New York Produce Exchange will be more than merely "another stock market." The conventional practices and regulations followed by other security exchanges have been adopted, of course, by the new exchange as far as is possible but with certain modifications that make them practicable for the distinctive field in which this exchange will function.

William Beatty, president of the Produce Exchange, in an earlier report to members regarding the opening of the securities division within the ex-

change emphasized the point that there is a large number of attractive securities not traded in on any other exchange in New York City, but for which the public and exchange brokers would welcome a place in a public exchange market so that sales and bids and offers may be officially recorded and distributed through the public press and by means of the tickers. During the latter part of September the members of the Produce Exchange voted to alter the rules and admit securities to trading by a ballot that lacked only two votes from being unanimous. With the new by-laws at hand it is possible to give investors a pretty accurate view of the proposed *modus operandi* at this time.

A Radical Departure

Admitting the utility value as far as the public is concerned of an organized market for the purchase and sale of the more active "unlisted securities," the question arises as to what kind of a securities market the Produce Exchange will be prepared to offer to investors. Over a period of more than half a century the Produce Exchange has confined its activities to grains, provisions, petroleum products, flour, essential oils and a rather wide variety of similar products. How will it function as a security market?

The security market will represent an additional service, as far as the Produce Exchange is concerned, without affecting its other functions in any particular. It will be a sort of a "stock exchange within an exchange." Only a part of the membership will deal in stocks and bonds. The exchange will require its members to qualify for floor privileges on its new security market in much the same way that the stock exchanges require certain qualifications of their membership. Of more than 1,100 members and about 450 associate members, probably no more than a third will be registered for the security division at any time and certainly less than that number when the stock trading actually opens, some time before the present year comes to a close.

The Guaranty Fund

A distinctive feature of investor protection that is provided for the public will be the existence of a "guaranty fund" created through the deposit of a stipulated sum of money by each member who qualifies for stock trading privileges, which will be held, together with the value of the seat on the security floor, to meet the obligations incurred as a stock broker in the event of failure or financial embarrassment of any stock trading member.

The unit of trading for all stocks will probably be set at ten shares and multiples thereof, which is the unit adopted by the New York Stock Exchange at its "inactive" posts. In order to adapt the functions of the exchange to the peculiar nature of the unlisted security field, which it will serve exclusively, the shares to be dealt in will be arranged in several groups. Stocks will be both "listed" and "admitted to trading privileges"—a practice that is now followed by the New York Curb Market. Listing requirements in a general way will be about the same as the requirements of other stock exchanges, whereas the "trading privileges" will be a sort of half way measure between the stricter listing requirements and no requirements at all.

Then all stocks, irrespective of the classification noted above, will be grouped as "post stocks" and "book stocks." The distinction here is largely based on the degree of activity between buyers and sellers in the case of each issue—the more active securities to be the "post stocks." The "book stocks" will be quoted from the recorded bids and asks of members on the books of the specialist. In actual practice, it seems likely that this latter procedure will correspond very closely to the "telephone business" now conducted by unlisted security dealers—with the exception, of course, that the whole group of dealers concerned will be gathered together on one trading floor and all transactions will be publicly recorded.

Commission Rates

Members of the exchange who deal in securities will be required to make all transactions "on the floor" where it becomes a matter of public record—a rule, by the way, which is enforced most zealously by the New York Stock Exchange and other exchanges, both for the safeguard of their members and for the protection of the investors. The rates of commissions are still only a matter of unofficial discussion at this time, but it is known, in a general way, that these rates—and here is a point that the investor will be interested in—although quoted in terms different from other exchanges will probably represent a slightly higher rate than those fixed by the New York Stock Exchange or Curb Market.

For the benefit of the inexperienced investor, however, it should be explained here that it is not customary to charge any commission on the purchase or sale of an unlisted security. That is to say, the dealer buys and sells as a principal, his profit being added to the price that the investor pays or deducted from the amount received. The same transaction made on the floor of the new exchange would be handled by

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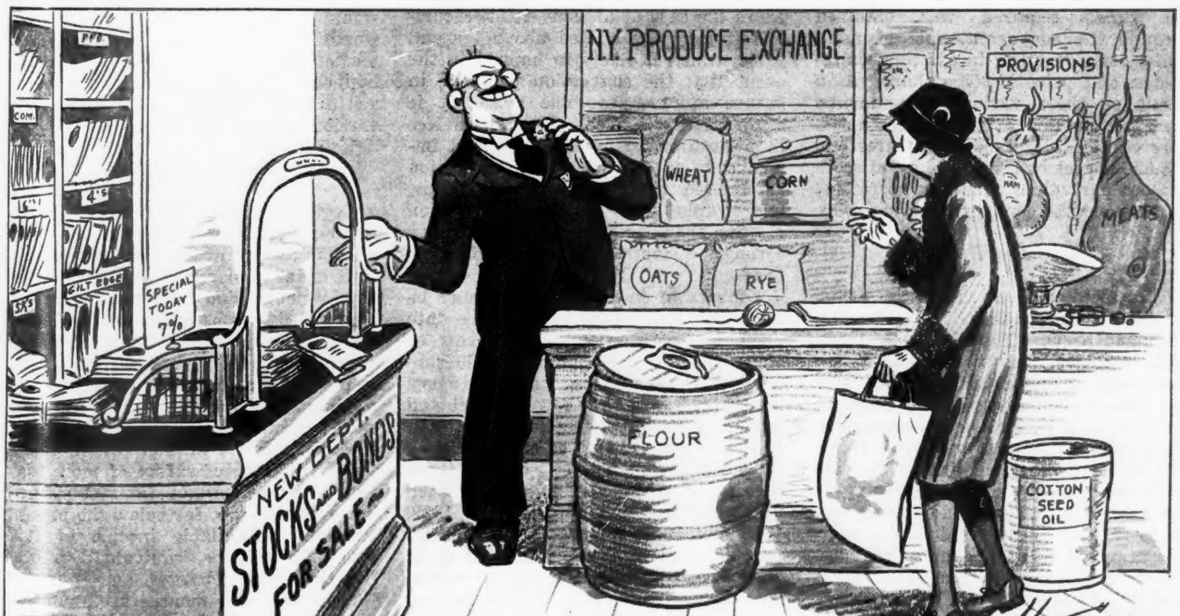

—*Yes, We Sell Stocks and Bonds*

International Cement 5s, 1948

EXPANDING EARNINGS STRENGTHEN OUTLOOK

Cement Tariff an Important Factor to This Convertible Issue

By G. F. MITCHELL

THE issue last May of 18 millions Convertible Gold Debenture 5% bonds maturing in 1948 marked the first appearance since 1922 of any funded indebtedness in the capital structure of the International Cement Corporation. It was in no sense a necessary step, but simply a move dictated by economic considerations to take advantage of the low prevailing cost of bond financing for the purpose of acquiring funds to put through a particular expansion program then under way and of supplanting the 7% preferred stock outstanding with a lower interest security. The balance of the funds required was obtained through the concurrent sale of additional common stock to existing shareholders at a price of $65 a share. As a result of these various adjustments, the capitalization at this time consists only of the 18 millions debentures and 618,826 shares of common capital stock without par value. There is no funded debt among the company's subsidiaries.

International Cement

Present Annual Bond Interest Requirements		Net Income (Millions)	Share Earnings	Production Capacity (Million Barrels)
$900,000	1921	$1.5	$4.55	4.5
	1923	2.4	6.37	5.4
	1925	4.0	7.03	12.0
	1926	4.4	6.52	14.7
	1927	4.6	6.90	16.2
	1928	†3.6	*7.50	20.0

† 9 months * Estimated

Redemption Features

The new bonds are currently selling to yield approximately 5% on an investment basis. They have no mortgage security, but automatically become equally and ratably secured with any other indebtedness arising from the creation in future of any mortgage or pledge of any of the properties or assets either of the company or its subsidiaries, the only exceptions being in the case of purchase money mortgages up to 75% of the fair value of properties acquired and loans maturing within one year, incurred in the regular conduct of the business. The bonds are subject to redemption as a whole or in part on thirty days' notice at a price of 105 and accrued interest at any time up to and including April 30, 1929, and thereafter at a premium ¼ of 1% less each May 1 until maturity. As in the case of all convertible securities if they are quoted above the call price, which is likely to happen in the event that the conversion privilege in future assumes tangible value, it is essential that holders place themselves in a position to become informed immediately of any notice of redemption as applied to their particular bonds, and to take steps for the preservation of the then existing market equity through conversion or sale of their bonds.

Conversion in this instance may be made up to five days prior to the date fixed for redemption. The terms of conversion are on a sliding scale subject to prearranged adjustment every five years. The rate now in effect and extending to, but not including, May 1, 1933, is eleven shares of common stock for each $1,000 bond. For the three succeeding periods of five years each up to but not including May 1, 1938, 1943 and 1948, each $1,000 piece may be converted into ten, nine and eight shares respectively. In other words, the value of conversion in the ensuing years is predicated on a successively higher market price for the common during the period intervening before maturity. In the event of any dilution of the present common stock through stock dividends, splitups, or the issue of additional shares for less than the respective conversion prices, corresponding adjustments will be made in the amount of stock obtainable for each bond. In the absence of such changes, the current basis of eleven shares will endure for nearly four and a half years hence, and is, consequently, the chief concern of present holders. This is equivalent to a price for the common stock of approximately 91, as against a recent market moderately below 80. Every point advance in the shares above 91 would make each bond theoretically worth 1.1 point more, although as a matter of actual experience, it usually happens in such cases that the bonds sell a few points above the exact conversion parity.

Margin of Safety

Regarding the bonds from the investment angle, net tangible assets applicable thereto at the close of last year were equal to more than twice the principal amount, and have since increased owing to the subsequent acquisition of additional properties. On the basis of earnings of past years interest requirements appear amply safeguarded. The minimum net income of any full year since organization of the company late in 1919 was 1.4 million, which represents a margin of safety of more than 50% of present annual interest charges, but even this was far below the present standard. Available income in 1927 was 4.55 millions, equivalent to over five times such charges, and if figures for the first nine months are any criterion, another high record in this respect will be established for 1928. The outlook for a continuation of the favorable trend thus far displayed will be

considered in connection with the general prospects for the stock, upon which the speculative possibilities of the bonds are predicated.

Share earnings for the full current year are estimated around $7.50, or approximately 10% of the prevailing market valuation, a conservative ratio in comparison with the general run of dividend-paying industrials, if similar earning power can be maintained. The figure is the largest in the history of the company and compares with $6.90 in 1927 on a smaller common stock capitalization. If expectations are fulfilled, and they are pretty well indicated by results for nine months and for the third quarter in particular, it will mark the sixth successive year in which net income has shown an increase over the preceding year. This record, moreover, is all the more creditable in that it has been achieved in the face of conditions in the cement industry anything but favorable as far as the last two or three years are concerned.

The company was organized at a strategical time to derive the benefits from the post-war building boom, but that it was built on a solid foundation and not simply an opportunist is demonstrated by its ability to withstand the adverse effects of excessive competition from both foreign and domestic sources that developed later. Overproduction in the industry has apparently not interfered with International Cement's own expansion policy. Its present productive capacity of 20 million barrels annually compares with only 2.8 million barrels at time of organization, 7 million in 1924, and 16.2 million at the close of last year.

Industrial Position

The success of the business, in contrast to the less fortunate experiences of many of its competitors, may be attributed to several factors, principal among which are the manner in which the thirteen plants are distributed to afford maximum proximity to various markets over a wide area east of the Mississippi River, as well as in Cuba and South America; close control over operating costs; a conservative financial policy involving, in spite of adequate dividends, the retention in the business of an amount, including depreciation and depletion, averaging approximately $3.50 per share on the present capitalization; and unceasing efforts, stimulated by a comprehensive research department, to improve the quality of the product. The product is marketed under the trade name of "Lone Star," but more recently there has been developed in the Indiana plant a new high early strength cement known as "Incor," which is meeting a favorable reception and whose manufacture will no doubt be extended in due course to the plants operated by other subsidiaries.

Satisfactory as the company's profits have been, it is evident that possibilities are materially greater in the event of more equitable conditions in the industry. Prices have been held down

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Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Government

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	101¼	5.4	5.3
Dominican 5½s, 1942 (a)	....	...	101G	99½	5.5	5.6
Haiti 6s, 1952 (b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 (a)	....	...	100	99½	6.0	6.0
Chile 6s, 1960 (a)	....	...	100	93¼	6.4	6.5

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955	267.4	4.75	110	91	4.4	4.6
Illinois Central 4¾s, 1966 (a)	....	2.25	102½GT	101	4.7	4.7
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	96	4.7	4.7
Pennsylvania 5s, 1964	....	2.78	105T	104	4.8	4.8
Central Pacific Guar. 5s, 1960 (a)	....	2.58	105GT	103	4.9	4.9
Southern Railway Dev. & Gen. 6s, 1956	133.8	1.90	....	116	5.2	5.0
Great Northern Gen. A 7s, 1936 (b)	139.8	2.64	....	113	6.2	5.0
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.32	105A	99¼	5.0	5.0
Chesapeake Corp. 5s, 1947	....	2.45	100	99	5.0	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974 (a)	59.6	2.49	107½	107	5.1	5.1
Western Pacific 1st 5s, 1946 (b)	....	2.29	100	99	5.1	5.1
Central of Georgia Ref. 5½s, 1959	31.1	1.80	105AG	106	5.2	5.1
Cuba R. R. 1st 5s, 1952	....	3.07	....	97¼	5.1	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	X	105	105	5.2	5.2
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	2.02	105AG	105	5.2	5.2
Northern Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.32	110G	113	5.3	5.3
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.17	....	90	4.4	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	108	5.5	5.4
Baltimore & Ohio Ref. & Gen. 6s, 1995 (a)	264.2	1.56	107½AG	110	5.4	5.4
Vicksburg, Shreveport & Pac. Ref. 6s, 1973 (a)	2.0	X	107½AT	105	5.7	5.7

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.95	105T	104	4.8	4.6
Utah Power & Light 1st 5s, 1944	....	1.86	105	101	5.0	4.9
Columbia Gas & Elec. Deb. 5s, 1952	....	6.96	105T	101	5.0	5.0
Montana Power Deb. 5s, 1962 (a)	34.7	2.62	105T	101	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	4.09	106T	106	5.2	5.0
Hudson & Manhattan 1st Ref. 5s, 1957 (b)	5.9	2.11	105	99	5.1	5.1
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	2.41	107½T	108	5.6	5.1
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.69	....	98	5.1	5.3
Consol. Gas E. L. & P. of Balt. 1st Ref. 6s, 1949 (a) (c)	32.2	2.69	107½T	106	5.6	5.5
Amer. Water Works & Elec. Deb. 6s, 1975 (a)	12.7	1.33	110	105	5.7	5.7
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.21	105	103	5.8	5.8
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	1.76	105	92	5.4	6.0
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	2 30	105T	91	6.0	6.1

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Gulf Oil Deb. 5s, 1947 (c)	....	15.39	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 (a)	....	4.12	105T	101	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.80	103T	100	5.0	5.0
International Match Deb. 5s, 1947 (a)	....	6.16	103T	99	5.1	5.1
Chile Copper Deb. 5s, 1947 (a)	....	6.26	102T	96	5.2	5.3
Amer. Cyanamid Deb. 5s, 1942	....	4.10	100	95	5.3	5.5
Sinclair Pipe Line 5s, 1942 (a)	....	4.27	103	95	5.3	5.6
Bethlehem Steel Cons. 6s, 1948	101.3	2.33	105	105	5.7	5.6
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	2.60	105A	90	5.6	5.9
Loew's Inc. 6s, 1942 (ex warrants) (a)	....	6.70	105T	100	6.0	6.0
Schulco B 6½s, 1946 (a)	4.0	X	103T	102	6.4	6.3

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Sloss-Sheffield P. M. 6s, Aug. 1, 1929	1.6	6.79	105	101	5.9	4.5
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.49	102	102⅜	5.9	4.9
Standard Milling 1st 5s, Nov. 1, 1930	....	4.75	....	99¾	5.0	5.1
Central of Georgia Sec. 6s, June 1, 1929	31.0	1.80	101AT	100	6.0	6.0
Georgia, Carolina & Nor. 1st 5s' July 1, 1929	....	1.28	....	99⅛	5.0	6.3

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

PUBLIC UTILITIES

Massachusetts Utilities Associates Passes Beyond *the* Investment Trust Stage

Analyzing a Unique Situation in the Field of Public Utility Financing

WHAT is the status of an investment trust, when it extends its minority investment interest in a group of securities to a point where it is vested with the control and administrative responsibilities of a group of subsidiaries? This question was raised recently by the unusually successful activities of the Massachusetts Utilities Investment Trust which resulted in the ownership and control of from 80 to 100% of the shares of 47 independent public utility operating companies, which as a group serve one-third of the cities and towns in the State of Massachusetts that have gas and electricity.

Unique in History

This is the first time in the history of investment trust operation in the United States that such a situation has been presented. As the precedent established in this instance will undoubtedly have an important influence on the future activities of investment groups in this country, a study of this organization will be of more than ordinary interest to holders of investment trust securities as well as to minority shareholders in public utility companies in which these trusts are large holders.

Signalling its "coming of age" as a full-fledged public utility holding concern, the name of this organization was changed to Massachusetts Utilities Associates on September 1st of this year and a program was adopted for coordinating the operating activities of the 47 subsidiaries. Under the former name, it was organized under a Declaration of Trust early in 1927. The background of the utility situation in Massachusetts from which this trust was projected is an interesting side light in the situation and will be described briefly before discussing the method of organization, which is in itself a unique plan in both the utility field and in investment trust organization as we are familiar with it in this country.

PROJECTED originally as an investment trust, this concern has since become a full fledged public utility unit that serves 116 cities and towns in the state that consumes one-half of the electric current used in all the New England States.

For, the trust originally came into existence largely because of provisions in the state laws that restrain corporations from holding a controlling interest in Massachusetts public utility operating companies. This prohibition has been a factor in keeping the state's operating units outside the fold of the large utility systems and thus restraining inflation of investment values for the shares of the operating companies. The decentralization kept the Bay State a virgin field, in a sense, for investment of outside capital in utility enterprises.

The state laws, however, provide an instrument for centralized control in the Massachusetts "living trust" which under certain circumstances may be used to serve the purposes of a joint stock company, and last year certain of the larger systems outside the state began to take advantage of this means to acquire operating properties. Acquisitions were not always to the advantage of minority holders of the shares of operating utilities, at least, in comparison with the values at which controlling interest changed hands. Thus, it was the psychological moment for the formation of an investment trust to consolidate the interest of local shareholders.

Sponsors of the Trust

The organization was undertaken by a group of bankers in Boston and New York, who, over a period of the past quarter of a century had been prominently identified with the financing of the local companies included in the plan and had a certain responsibility for the securities placed by them with New England investors. The management of the trust was placed in the hands of thirty-five trustees, including officials of the principal subsidiaries; officials of the New England Power Association and Edison Electric Illuminating Co. of Boston, an affiliation discussed in some detail below, and bankers representing large investors in the operating companies. Common shares of the trust are deposited in a Voting Trust Agreement which provides that they may be disposed of only as a whole and at stipulated prices ranging from $50 a share to $100 a share from 1932 to 1947 but are transferable in single units and may be bought and sold as Voting Trust Shares.

Extensive Holdings

Under this plan (and contingent, of course, on a majority of the stock of operating companies being acquired by the trust) the control of almost 50 Massachusetts electric and gas companies was to be unified under one management. Today the trust owns the entire outstanding stock of thirty of the operating companies and more than 80% of the outstanding stock of the other companies comprehended in the plan, and the market value of the outstanding securities of the trust exceeds 50 million dollars—a truly remarkable record for any utility holding company of similar caliber, and of any investment trust—and the Massachusetts Utilities Associates has been both in various stages of its growth.

The great majority of its present holdings were acquired through an exchange of its own securities for shares in the operating companies held by private investors. The trust has two classes of shares, namely, $50 par value 5% participating preferred stock and common shares. The holders of the subsidiary shares were offered the new preferred stock in an amount that gave them the same amount of income as formerly received, and common

shares to compensate the surplus earnings over and above dividends. It is interesting to note that market values are not taken into consideration by this formulae and it is calculated that the cost of the majority shares to the trust was less by several million dollars, than their aggregate value as determined by the price of minority shares now outstanding. This also establishes rather definitely that the shares were acquired at non-inflated values. The original exchange offer is no longer open to non-assenting stockholders, of course, except under special circumstances.

Were the Massachusetts Utilities Associates still operating merely as an investment trust along the customary lines, the story would end here with perhaps the usual comment appraising the investment desirability of its securities. However, now that it has passed beyond the minority investment sphere that investment trusts usually set as their goal, the M. U. A. becomes an important New England public utility holding organization with full control and administrative responsibilities resting with its trustees and is comparable to a holding corporation structure of the large "systems" with their board of directors and management officers.

Extent of Operations

The trust through its operating subsidiaries, serves 116 towns and cities in Massachusetts with electric power and gas, or both, with approximately three-quarters of its gross revenue being derived from the sale of electricity for lighting and power uses. Although constituent companies produce about 88% of gas sold, the electric division is primarily a distributing system, power being purchased from the New England Power Association, the Boston Edison and other generating companies on terms sufficiently favorable to enable the system to amortize its own generating plants out of the savings from these power purchase contracts.

Although the M. U. A. system is now so well fortified financially that it could install its own generating plants, there would be little advantage in doing so as long as it is in a position to purchase cheap power and the future expansion of the system will be confined largely to transmission lines and the stimulation of both gas and electric sales and appliances. The efforts of the operating companies along these lines are now coordinated through an administration committee responsible to the trustees.

Growing Revenues

The immediate advantages resulting from unified administration for the system in indicated in an increase of revenues from $7,195,455 in the first nine months of 1927 to $7,564,182 for the same period of 1928. During the same period the net earnings of the system available for dividends, depreciation and reserves increased from $1,944,892 to $2,189,234. During the

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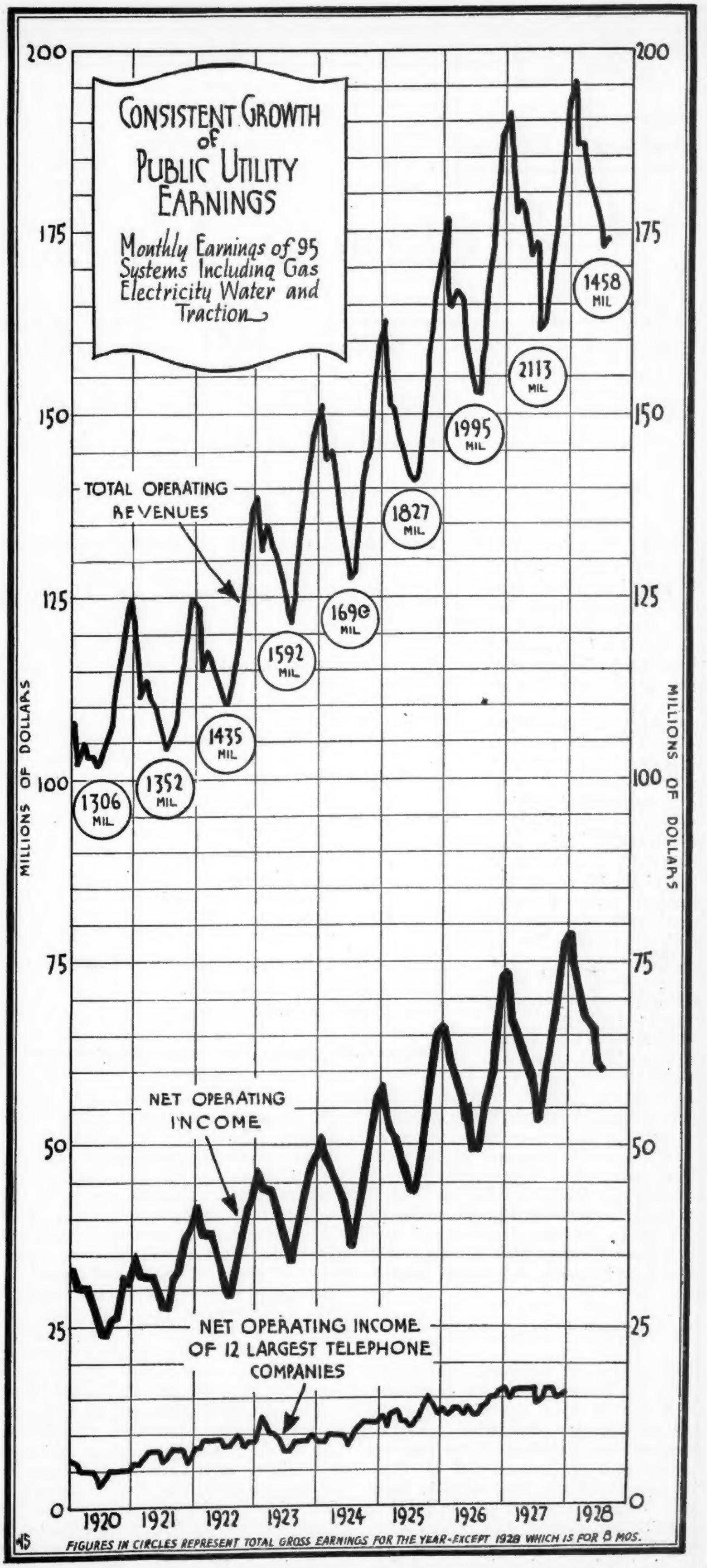

Pennsylvania Railroad

A HUNDRED MILLION DOLLAR EXPENDITURE *for* ELECTRIFICATION

Effect on Future Operations of Road and on Companies Who Will Aid in the Plan

By HARRY STEPHANS

Likely Beneficiaries of Pennsylvania Project

Electrification expenditure	$60,000,000
General Electric	
Westinghouse Electric	
General Railway Signal	
Rolling Stock expenditure	$40,000,000
Baldwin Locomotive	
Westinghouse Electric	
American Locomotive	
General Electric	
American Car & Foundry	
J. G. Brill	
Operating Power	100,000 K.W. connected load
Public Service of N. J.	
Philadelphia Electric	

LOOKING forward to the traffic requirements of 1950, when it is calculated that the New York metropolitan area will have extended its radius to include such towns as New Brunswick, N. J., and will number a population of 30,000,000, the Pennsylvania Railroad is ready to start work on the most important project in railroad electrification ever contemplated in this country. The plan as recently announced by General W. W. Atterbury, president of the Pennsylvania, calls for an expenditure of over $100,000,000 in the electrification of about 1,300 miles of track over a period of seven or eight years.

Although the official discussion of the plan ends here, it is understood that electrification will be carried out in other congested metropolitan sections and, if conditions warrant, the entire 11,000 miles of the system will be electrified ultimately. The specific project on which the Pennsylvania Railroad is prepared to start work on immediately is in itself considered to exceed any other electrification plan in the world in both importance and actual magnitude.

Result of Long Study

The stamp of approval which the Board of Directors of the road recently placed upon the plan was the final step in an exhaustive study of transportation problems in the east extending over a long period of time. The officers of the road already have some experience with electrification, operating an electrified suburban service in Philadelphia and more important still, the surface and underground electric system in New York City which now extends from the Sunnyside Yards in Long Island City to Newark, N. J.

The successful operation of this latter unit is thought to have been an important factor in finally coming to the decision to electrify this new sector in the Pennsylvania system, extending from New York to Wilmington, a distance of about 325 miles and served by four times as many miles of trackage. The electrification plan, by being undertaken at the present time will work in nicely with the company's terminal developments now under way or projected at Newark and Philadelphia.

The extensive urban growth throughout the country during the past decade has raised many perplexing problems in railroad transportation. There is no longer any clear line of demarcation where a city starts or where the rural sections end, and the limits of the large cities are being constantly pushed out into wider suburban districts. The extrance of the Pennsylvania trains into New York, heretofore, has been accomplished by switching from steam locomotives to electric engines at Manhattan Transfer, necessitating a delay on one of the most important arteries of the system. Under the new plan, Manhattan Transfer will be eliminated—also the delay of three minutes or more for every train coming into or leaving New York. Connections will be made at Hell Gate Bridge, New York, for the New England states and extensions of the electrified lines will push west from Philadelphia to connect with the low grade freight lines at Columbia, Pa., to the Middle West.

In Progressive Sections

The improvement has been mapped out into progressive sections, one section to be started and finished as a unit and thus become self-supporting from an operating standpoint. Because of the terminal developments at Philadelphia the first electrified section is from Philadelphia, Pa., to Wilmington, Del. In fact electrification of this division was completed about six weeks ago insofar as suburban traffic is concerned. The next unit to be undertaken is the stretch of main line from Philadelphia to Trenton, N. J. It is expected that this point in the project will be reached by 1930. The electrification work will then be pushed westward, starting with the section from Newark to New Brunswick. The final leg to be undertaken is the link from New Brunswick to Trenton, thus completely electrifying a 325 mile line from Wilmington to New York.

The complete cost of this project, in-

cluding the necessary expense for new rolling stock to serve the electrified sections will total $100,000,000 or more —an amount that will be spent at the rate of about $15,000,000 annually. It is interesting to note in this connection that the officials of the road believe that they can carry out this improvement at the present time at a lower cost than if they delayed the plan to some future date. No new financing is in view to cover the necessary expense, as a large part of the improvement expenditures, which already average about $70,000,000 annually, are met out of surplus earnings. The electrification project will also eliminate certain improvement expenditures that would otherwise be necessary and which would also be capitalized out of the company's surplus.

Companies to Benefit

Considerable interest in shares of other corporations likely to be affected favorably or otherwise was shown on the stock exchange when the official announcement was issued early this month. In this connection, there have been a few official hints handed down concerning the probable disposition of the hundred million dollar expenditure. General Atterbury's statement says that about 60% of the total will go into catenary transmission lines, substations and other track equipment. General Electric is one of the companies which is pointed to in the financial district as being likely to obtain a large share of these contracts, and in safety devices and track equipment General Railway Signal is also mentioned. About 40% will go into rolling stock; motored cars for suburban traffic and electric locomotives. Baldwin Locomotive Works and Westinghouse Electric which have been jointly manufacturing electric engines for many years will probably be the chief contender for this business; American Locomotive and General Electric have a similar community of interest in electric locomotive development. It is estimated that the Pennsylvania Railroad will ultimately require from 250 to 300 electric engines in line with this new project and as the unit price of such equipment is between $300,000 to $500,000, this expenditure alone will run into a tidy sum.

To Purchase Power

In conformance with Pennsylvania policy to patronize industries along its right of way insofar as possible, instead of constructing its own electric generating plants to produce its power as the Long Island Railroad division now does, the power for the electrified sections will be purchased under contract from other generating companies. A contract has been entered into with the Philadelphia Electric Company for power over the district as far north as the Delaware River and as far south as the Susquehanna River. This company has a large potential supply of hydro-electric current through the recent completion of the new Conowingo plant. Another contract covering northern New Jersey has been made with the Public Service Corporation of New Jersey. Both of these companies are affiliated with United Gas Improvement, and due to the high efficiency of the operating companies, the new contracts should provide a very desirable source of new income not only to them but indirectly to U. G. I. For as long as the Pennsylvania Railroad can purchase power on a satisfactory basis, it will depend on power purchased from electric companies.

While this new plan is by no means the pioneer electrification project in American Railroading, the magnitude of the plan will undoubtedly give new impetus to the steps already taken by other progressive roads. And, it is not unlikely that the particular methods adopted by Pennsylvania will influence later projects at least until such time as improvements in construction and equipment antiquate the up-to-the-minute specifications employed in this instance. Overhead construction will be used instead of the third-rail system, with equipment suitable for alternating current, single phase system of electric traction. This is the type of equipment now in use in Pennsylvania's suburban lines at Philadelphia and was adopted for use in the new plan after extensive tests in this service and exhaustive studies by the company's engineers abroad. It is also the electrification plan employed extensively in Germany, Switzerland and Sweden and is in use in this country on the New Haven road and Virginian Railway.

Motive Power Equipment

In the suburban service, multiple unit cars similar to those in the New York subways will be used, because they were found to be most practical for rapid transit where frequent stops are necessary. The company's engineers have tested similar equipment on the Philadelphia suburban lines and are satisfied that the use of this type car should be extended in the suburban service comprehended in the new project. For the through freight and passenger service, electric locomotives, which can be used either singly or in multiples will be employed. This equipment lends far greater elasticity in operation than the steam engine in that it provides any power demanded by the size, weight or speed of trains.

Through this method of operation it

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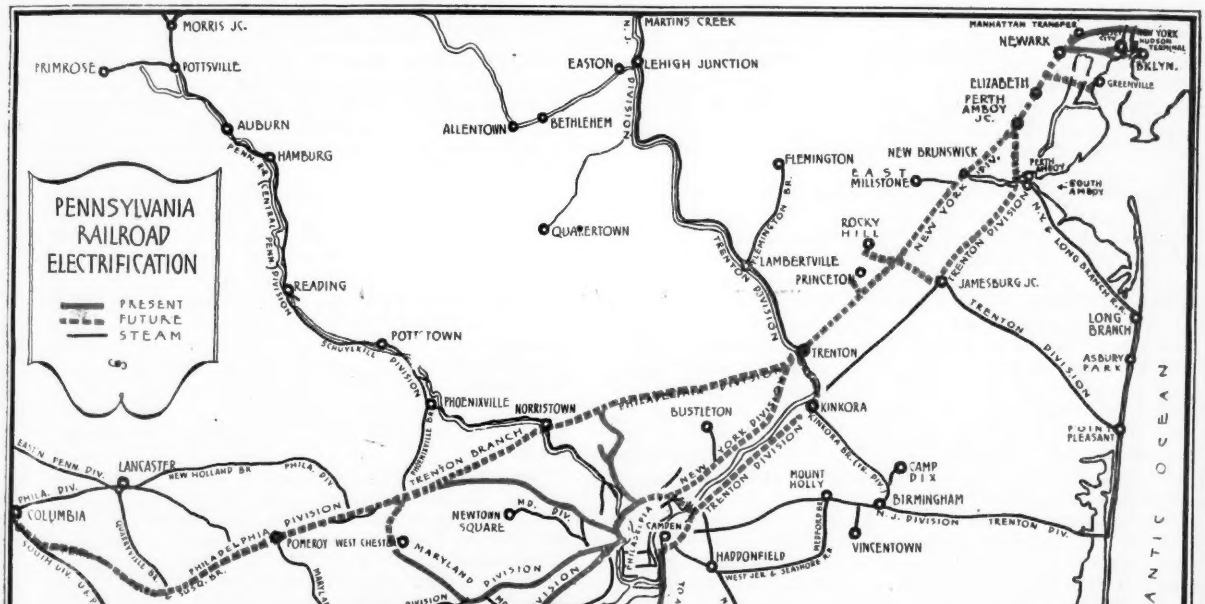
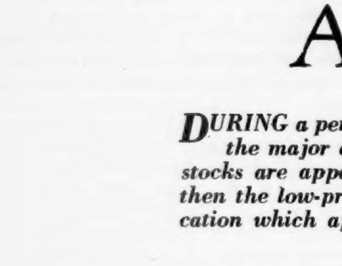


Seven Low-Priced Stocks Attractive Now

DURING a period of speculative market adavnce the higher priced issues claim the major attention of speculators and investors, and numerous low-priced stocks are apparently neglected until the leaders have made large advances, then the low-priced issues come into prominence. Seven stocks in this classification which appear meritorious from both an intrinsic and a market standpoint are presented herewith.

Shell Union Oil Corporation



SHELL is the third largest producer of crude oil in the United States, based on 1927 figures, operating, through subsidiaries, properties having a net output of about 108,000 barrels per day at the end of the year. Total production of crude for the year was 42,363,941 barrels, including the company's share in Comar output.

Refining and distributing facilities are proportionately extensive. Refineries, at the close of 1927, had a daily intake capacity of 220,000 barrels of crude, and total intake for the year was 53,536,000 barrels. Output of casinghead gasoline in 1927 was nearly 140,000,000 gallons as compared with 87,000,000 in 1926. For marketing operations in the United States the company controls over 2,000 miles of pipe line mains in addition to numerous gathering lines. A new line 250 miles long connects Chicago with the St. Louis refinery. Gasoline filling stations are operated in California, but elsewhere distribution is largely through wholesale dealers.

Shell Union Oil represents a consolidation, in 1922, of California and Mid-continent properties controlled by Royal Dutch Shell and the former Union Oil of Delaware. The latter company has been liquidated. About 72% of Shell Union stock is held by Royal Dutch and Shell Transport & Trading but the outstanding minority interest is 2,800,000 shares, amply sufficient to insure a broad and active market. The company is the largest and most profitable of the Royal Dutch group of properties.

Funded debt amounts to $49,745,000 20-year 5% debentures, due in 1947, in addition to which $30,000,000 obligations of Shell Pipe Line Corp. are guaranteed. There is no preferred stock outstanding, and common consists of 10, 000,000 shares of no par value. The sale of 3,000,000 additional shares of stock has just been announced.

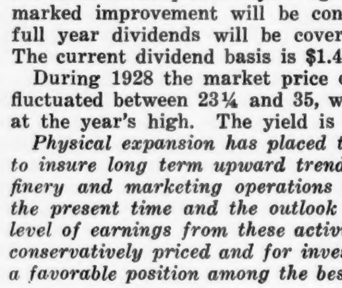
At the end of 1927 fixed assets were carried at $246,000,000 after reserves of $108,000,000. Current assets of $91,000,000 were over five times current liabilities of $18,000,000 and indicated net working capital more than $72,000,000. Cash, with call and short term loans, accounted for 55% of current assets. Property account showed an increase of 10% during the year, indicating the aggressive policy of the management regarding expansion and maintenance of reserves of crude.

For 1927 net income was $11,345,000 as against $31,519,000 in 1926 and $20,416,000 in 1925. The decrease reflects not only the general depression in the oil industry but also the interest charges on the new funded debt and the heavier depreciation charges. On a per share basis net amounted to $1.10 per share for the common stock in 1927 as against $3.05 in 1926 and $1.94 in 1925. For the first six months of 1928 net was $6,043,000 or 60 cents per share. However, for the June quarter the gain over last year was impressive, net being equal to $4,492,000 as against only $1,551,000 in the same period a year ago. It is expected that this marked improvement will be continued and that for the full year dividends will be covered with a good margin. The current dividend basis is $1.40 per annum.

During 1928 the market price of Shell Union stock has fluctuated between 23¼ and 35, with the current quotation at the year's high. The yield is about 4%.

Physical expansion has placed the properties in position to insure long term upward trend in earning power. Refinery and marketing operations are highly profitable at the present time and the outlook is for a continued high level of earnings from these activities. The stock appears conservatively priced and for investment purposes occupies a favorable position among the best oils.

American Cyanamid Company



AMERICAN Cyanamid is a holding company owning the entire capital stock of ten or more subsidiaries engaged in the production and distribution of mining, industrial and agricultural chemicals. Two main plants are operated, one at Niagara Falls, Ontario, occupied chiefly in the fixation of nitrogen from the atmosphere by electro-chemical processes and the other at Warners, New Jersey, on the New York harbor, where crude chemicals are further refined and prepared for the market in various forms. Mines at Brewster, Florida, are operated under lease.

Air Nitrates Corp., a subsidiary, organized to act in cooperation with the Government, built a large nitrate plant at Muscle Shoals, Ala., designed to utilize the cyanamid process in munitions production and for industrial purposes. A proposal for lease of the Muscle Shoals properties from the Government for a period of fifty years has not yet been approved and the plant is not now in operation. It is understood that a lease proposal in somewhat revised form will be placed before Congress again at its next session. American Cyanamid controls valuable and important processes for the fixation of atmospheric nitrogen and is in a most favorable position to operate these plants.

Capitalization includes funded debt of $4,700,000 in addition to which a subsidiary has outstanding $1,137,000 in first mortgage bonds practically guaranteed, as to interest and sinking fund charges, by the parent company. There is outstanding $5,595,900 6% cumulative preferred stock, $100 par value, and 1,318,040 shares Class "A," voting, common and 8,569,300 Class "B," non-voting, common. Both classes are of $20 par value and rank equally in all respects save voting power.

Based on the consolidated balance sheet as of June 30, 1928, current assets of $9,896,000, including cash, call loans

and marketable securities of $5,000,000, were four times current liabilities of $2,467,000 and net working capital was $7,402,000. Book value of the common stock, excluding intangibles, was $19.42, practically equal to the par value.

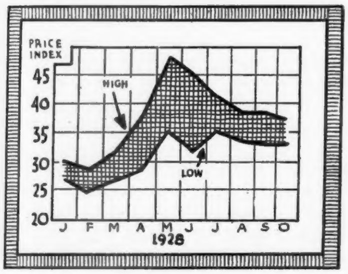
Sales and earnings have shown a steady upward trend during recent years. Net for the year ended June 30, 1928, was $1,547,590, or $3.67 per share for the common stock as compared with $1,285,323, or $2.92 per share a year earlier.

Full regular dividends on the preferred have been paid since 1922. On the common, since July 1, 1927, the dividend rate has been 1½% (30 cents) regular and ½% (10 cents) extra each quarter, a total of 8%, or $1.60 per year. Dividends at lower rates were paid before the date mentioned.

The market for the Class "B" stock, the active issue, is on the New York Curb where the price range during 1928 has been between 30¾ and 53½. The present price is around 38½ affording a yield of 4.1%.

Cyanamid stock appears conservatively priced for investment purposes when the strong financial condition, excellent management and generally favorable prospects of the company are considered.

Bucyrus-Erie Co.

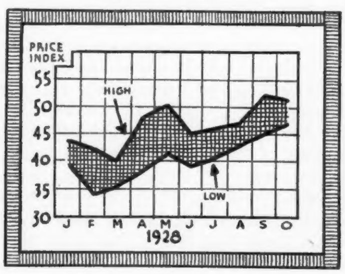


As a result of the consolidation of Bucyrus Co. and Erie Steam Shovel Co., which became operative at the start of the present year, the combined organization is the world's largest manufacturer of excavating machinery. Both companies had had successful records over an extended period in their respective departments of this general field, Bucyrus in the output of heavy machinery, and Erie as a manufacturer of light machinery. The first result of the amalgamation, as far as publicly available information is concerned, has been a moderate shrinkage in income in comparison with the average of recent years, and this is no doubt largely responsible for the fact that the equity stocks are selling appreciably below their high points for 1928. An experience of this kind is not illogical even though the merger is economically sound, for the proper coordination of activities and institution of operating and selling economies necessarily require a certain amount of time, and meanwhile there are always extraordinary expenses involved in the initial stages of accomplishing these desirable objectives. It is understood that the greater part of such expenditures have already been charged against earnings for the first half-year, and in this event profits should rapidly resume their former standard without regard to potential developments which may well create a higher level of earnings.

Bucyrus-Erie has no funded indebtedness, the capitalization consisting of three stock issues, 68,300 shares of 7% cumulative preferred, 419,112 shares of $5 par value convertible preference stock, and 480,000 shares of $10 par value common. The preference stock is entitled to noncumulative dividends at the rate of $2.50 per annum as long as the common is receiving $1 per annum, these rates representing the respective payments now in effect. The preference is likewise convertible into common at any time on a share for share basis. Combined earnings of recent years applicable to the present capitalization have averaged not far below $7 and $4 annually on the preference and common, while the corresponding figures for the first six months of the current year were $2.77 and $1.33, a declining trend which as already pointed out should prove only temporary. In the light of normal earnings and the uniform financial stability of the company, the prevailing market around 34 for the common represents a conservative valuation out of line with other sound industrial issues. The preference stock is quoted some eight points higher, and has the advantages of greater security and yield, but with more limited possibilities of enhancement in value.

Factors conducive to larger scale profits in future include the prospective reduction in operating and selling expenses incident to the unification of control, the fact that the well organized export department of Bucyrus is now available to Erie products, and the increased business anticipated next year from orders in connection with the extensive governmental flood relief program along the Mississippi River. *This last phase of the situation has already received considerable publicity, perhaps premature, but it appears inevitable that the foremost organization in the field of excavating machinery will participate largely in the execution of this project.*

Seiberling Rubber Co.



Seiberling is a comparatively new and relatively small producer. The company, organized in 1921, began production in 1922, and has always enjoyed the active management of Mr. F. A. Seiberling recognized as one of the most competent executives in the industry, the founder, and for nearly a quarter of a century the head, of the Goodyear organization.

Sales for the full fiscal year ended October 31, 1927, were about 15 million dollars and although the annual report for the year just ended is not yet available, interim reports indicate a healthy increase in business. While not large enough to get all the advantages of large-scale production in economies cutting down manufacturing costs per unit,

Statistical Summary

Company	Earned per Share 1927	Earned per Share 1928	Dividend Rate	Recent Price	Yield	Net Working Capital
Amer. Cyanamid Co. ...	$2.92*	$3.67*	$1.60	38½	4.1%	$7,402,000
Bucyrus-Erie Company ..	....	1.33 (6 mo.)	1.00	34	3.0%	10,743,582
Continental Motors Corp.	0.71	0.46 (6 mo.)	0.80	18	4.4%	11,197,000
Remington Arms Co., Inc	0.76	N.F.	....	35	....	10,480,116
Seiberling Rubber Co....	4.42 (10 mo.)	N.F.	....	48	....	3,371,178**
Shell Union Oil Corp. ..	1.10	0.60 (6 mo.)	1.40	35	4.0%	72,861,031
Thatcher Mfg. Co.	0.44	0.32 (6 mo.)	....	23	....	1,393,119

* Years ended June 30. ** October 31, 1927. N.F.—Not available.

Seiberling has maintained certain other important policies tending to strengthen its competitive position. Being a new company, practically all equipment is thoroughly modern and efficient, overhead is low—said to be lower in fact than for any important competitor on a per unit basis—stocks of crude rubber have been consistently held at a very low figure reducing inventory losses due to declining prices for raw materials on hand to a minimum, while sales efforts have been concentrated on a replacement business rather than in the less profitable original equipment field.

The benefits of these policies were shown in 1926 when net profits of $1.86 per share of common stock were reported in contrast to heavy operating deficits shown by several larger producers. It seems probable that during the current year, again a period of rapidly falling crude prices, the same favorable results will be evident when detailed figures become available.

Present capacity of the plants is over 7,000 casings and tubes daily or in the neighborhood of 2,000,000 per year, and announcement was recently made that $400,000 will be expended in the near future for plant expansion. An aggressive advertising and marketing policy, distribution being through more than 5,000 dealers, more than half of whom handle Seiberling products exclusively.

The company's financial position is good, and has been steadily improving during recent years. At the end of 1927, the latest detailed statement available, current assets were 6 times current liabilities as against 4 times a year earlier and 3 times at the close of 1925. There were no bank loans.

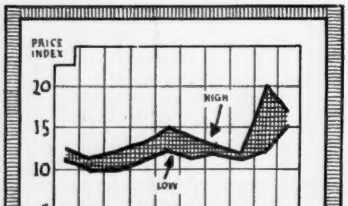
Only a small issue of 8% cumulative preferred (12,899 shares as of March 1, 1928,) and a small block of 5½% convertible notes prior to the no par common stock. The notes were originally issued in the amount of $1,500,000 but prior to March 1, 1928, nearly two-thirds had been retired or converted.

Net earnings for the ten months ended October 31, 1927, were $4.42 on 218,857 shares then outstanding compared to $1.86 on 196,896 shares for the full year 1926 and $5.50 in 1925. For the full fiscal year ended October 31, 1928, results should be better than for 1926, in spite of losses caused by falling prices for crude, and the outlook for the coming year is very satisfactory. Further substantial price declines for crude are unlikely and constantly increasing tire consumption should result in expanding business.

Regular dividends have been paid on the preferred stock but only one—a disbursement of $1 per share late in 1927—has yet been paid on the common. The present market for the stock is on the New York Curb but it is said that application has been made to list the issue on the New York Stock Exchange. For 1928 the price range has been from 33½ to 52¼ currently selling at about 48.

As a business man's investment Seiberling stock appears attractive. Prices of crude rubber seem likely to be better stabilized in the near future and the company's business is likely to continue its expansion. If earnings should increase as expected and remain good for any extended period common dividends would be in order without any great delay.

Continental Motors Corp.



BY virtue of the natural association of Continental's name with the automobile industry, the stock market is prone to class the shares with the motor group and to regard their possibilities largely in the light of developments in that industry. While it is true that the production of gas engines for passenger cars, busses and trucks constitute the bulk of the company's activities, operations cover a broader field than is, perhaps, generally appreciated. "Continental Red Seal" motors are well known to the motor trade and enjoy high prestige. In addition to the sale of this stock design, Continental also supplies individual automobile manufacturers with special engines for exclusive use. But within the past year or so, aggressive steps have been taken to secure diversification and smooth out the fluctuations in operating schedules resulting from automotive business by entering other fields where the gas engine can be used effectively as a power unit. Thus, the company has cultivated such markets as the marine, mining, agricultural, building and railroad, in all of which its gasoline engines find practical and economical application.

Probably the most significant step in this direction, however is the comparatively recent entry into the business of manufacturing motors for aircraft, following several years of research and the development of a suitable unit. The production of shock absorbers is another phase of the company's effort to secure balanced volume of output. Likewise in line with its policy of broadening activities, Continental has been preparing to market a new single sleeve valve automobile engine for which it holds world patents.

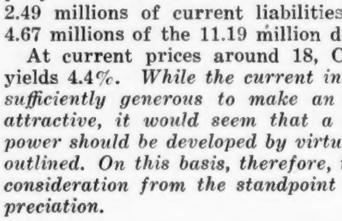
During the first half of the company's 1927 fiscal year, net earnings per share of common stock fell to 8 cents, due to expenses incurred in connection with expansion of plant facilities. As a result, net for the full twelve months ended October 31, 1927, failed to measure up to the standard of stability shown in the four preceding years. The recovery of normal earning power in the second half year brought net per share for 1927 to 71 cents, however, while in the six months ended April 30, 1928, Continental earned a balance of 46 cents a share for its 1,760,845 shares of $10 par value common stock.

In recent months, the high state of activity in the motor industry and the benefits attending greater diversification of operations, as well as the reduction of labor costs resulting from installation of new equipment and reorganization of plant activities, seem likely to bring net income to a figure not far under twice the current common dividend of 80 cents.

Since 1924, when floating debt was eliminated by issuance of the 6½% first mortgage bonds, of which 6.54 millions are now outstanding, an exceptionally strong financial position has been maintained. As of April 30, 1928, the company had 13.69 million dollars of current assets and but 2.49 millions of current liabilities. Cash alone made up 4.67 millions of the 11.19 million dollars working capital.

At current prices around 18, Continental Motors stock yields 4.4%. *While the current income return alone is not sufficiently generous to make an issue of this character attractive, it would seem that a higher average earning power should be developed by virtue of the expansion above outlined. On this basis, therefore, the shares are worthy of consideration from the standpoint of speculative price appreciation.*

Thatcher Manufacturing



IN the glamor surrounding stocks most in public favor it is easy to lose sight of various issues more or less obscure, wherein the volume of trading ordinarily is very limited and concerning which the general public has little knowledge or interest. Such issues usually repay careful analysis for they may contain elements conducive to future market strength, and in this event the chances are that they will be selling at materially higher levels when the public finally awakes to their possibilities.

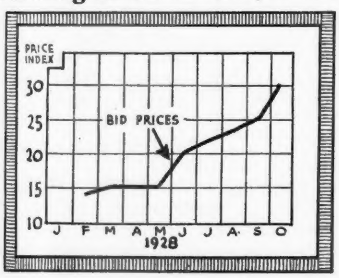
Thatcher Manufacturing Co. common stock, a 1927 listing on the New York Stock Exchange, is currently selling within a point or so of its low for the year in the face of earnings comparing favorably with those of recent years. Such action is not necessarily of any significance whatever, for inactive stocks of this character are frequently allowed to drift in this manner pending some definite incentive to

resume active sponsorship. A contributing factor is probably the nature of the income statements which make a rather unimpressive exhibit in respect to common share earnings. Last year's net income worked out to an equivalent of 44 cents a share after deduction of preferred and preference stock dividends, while for the first six months of the present year the corresponding figure was 31 cents, or at a rate almost 50% better. Because of the small capitalization, the liberal depreciation policy exerts a potent influence on the reported balance available for the common. Annual depreciation is equal to well over $2 a share on the common, and for the half year ended June 30 last was on a larger scale than usual, the equivalent of approximately $1.35 a share. Maintenance and depreciation charges combined in 1927 amounted to $567,000, or more than $4.70 on the common. When it is considered that net annual sales volume is around 5 millions and that properties, less depreciation, are carried on the books at a valuation of only 1.6 million, it is evident that the company is writing off everything possible, and share earnings consequently must be judged in the light of this policy.

Thatcher Manufacturing Co., with an annual capacity of approximately 166 million as against total sales in the United States estimated last year at 288 million bottles, effectually dominates the supply of milk bottles in this country. Growth in the output of such an essential commodity is almost inevitable, not alone because of increase in population, but also on account of the fact that there is still a wide field for supplanting other forms of milk containers with milk bottles. Organized almost forty years ago as a manufacturer of bottle caps and dairy supplies, the company inaugurated its milk bottle activities in 1905 with a capacity less than 5% as great as at present. Advantages as to facilities and costs are derived from valuable contracts under which exclusive rights are held for the use of the Owens automatic machine and certain of the Hartford-Empire automatic machines insofar as the manufacture of milk bottles is concerned. More recently the company has developed a new melting furnace especially adapted to the requirements of its products. It will not only facilitate manufacturing operations, but may become also a source of additional income through making it available to other manufacturers on a royalty basis.

Outside of a nominal amount of 7% cumulative preferred stock, the capitalization, readjusted last year in connection with the public offering and listing, consists of convertible preference and common stock, both of no par value, and outstanding to the extent of 132,000 shares and 120,000 shares respectively. The former has preference as to cumulative dividends at the annual rate of $3.60, now in effect, and is convertible at any time into the common on a share for share basis. Selling around 47 to yield 7.7%, in contrast to the absence of any return on the common, it is obviously preferable from the investment aspect. The common stock, on the other hand, if optimistic expectations in regard to the company are fulfilled, will naturally be the more productive of profits. *On the old common prior to recapitalization there was a continuous dividend record extending over ten years, and, while payments on the present junior shares do not appear imminent, the stock, now available around 23, possesses many elements conducive to appreciation on a substantial scale over a period of time.*

Remington Arms Co., Inc.



THE progress made by Remington Arms within the past year or so stands as another monument to managerial ability. As was the case with all companies that gave themselves over to manufacturing activities designed to bring victory to the Allied Nations in the World War, Remington was a sacrifice to the achievement of that result. When the conflict was ended, numerous difficulties prevented the early restoration of profitable operations. These have practically all been surmounted and, under the present management, the company seems rapidly approaching the fruition of its efforts at reconstruction.

A reorganization was effected in 1920, whereby the present corporation inherited the cartridge plant of its predecessor at Bridgeport, Conn., the arms works at Ilion, New York, and certain properties at Brimsdown, England. The latter now constitute an important base of operations in the company's export business with Europe and the British colonial possessions.

In order to absorb an excess plant capacity resulting from war time expansion, Remington Arms embarked upon the manufacture of cutlery shortly after the reorganization. It has reached a position of preeminence in this field closely akin to the position of leadership that it holds in the original firearms and ammunition fields. Incidentally, these last named divisions were placed on a still stronger footing last year by the development of new and improved products.

Another important step toward diversification of output and employment of surplus plant facilities was taken with the company's entry into the cash register industry. This department was hampered, at first, by litigation with National Cash Register. However, a friendly settlement established the validity of Remington Arms' patents and, last year, brought approximately 1.95 million dollars in cash to its treasury. This department is now understood to be operating profitably, although the probabilities are that increasing sales in the cash register and vending machine branches of the business will not be as fully reflected in this year's earnings as in the future.

Remington's interest in vending machine manufacture was acquired during the fore part of 1927, when a subsidiary company was formed to take over the old, well established business of Universal Sales Machine Co. Recently, this subsidiary was sold to the newly formed Consolidated Automatic Merchandising Corp., a 25 million dollar concern organized to consolidate the principal automatic merchandising companies in the United States. Aside from representation on the latter's board of directors, Remington Arms will benefit directly from the probable large scale development of the "human sales clerk" idea through a manufacturing contract under which it supplies all of the vending machines, or "Robots" to be used by this new enterprise.

Inasmuch as the fire arms, ammunition and cutlery divisions are on a satisfactory earnings basis, it would seem that realization of the full possibilities in the cash register and vending machine departments must eventually remove Remington Arms' common stock from its present speculative footing. This year's earnings, in fact, are expected to reveal the best results since 1918, an achievement due in very large part to reduction of costs and, in part, to increasing sales. Volume of sales for 1927 reached 19.73 million dollars, showing an increase of 1.60 millions over 1926, or a gain of approximately 9.3%.

The company's financial position was materially improved last year by settlement of the patent litigation already referred to. Working capital has been further augmented in the current twelve months by improved earnings. It is understood that the company has eliminated its floating debt and has done no borrowing since last May.

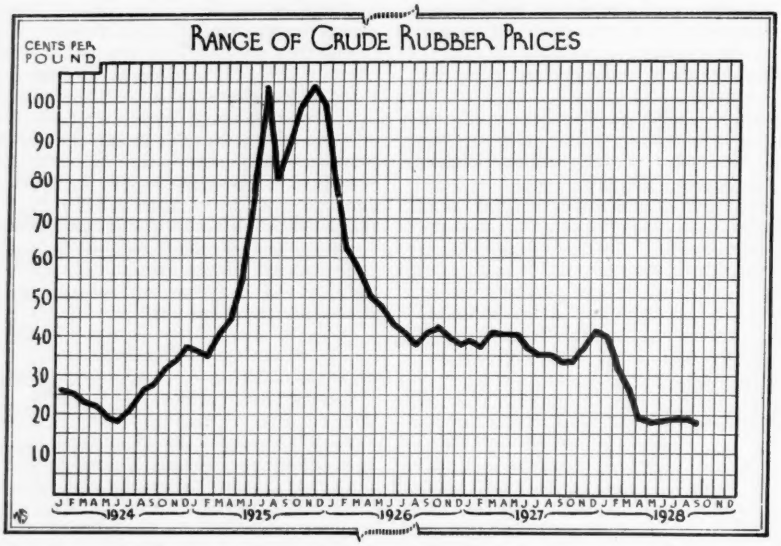
Thus, there is a possibility that steps will be taken toward clearing up the 30% dividend arrears on the second preferred stock.

There are 5 million dollars of this 8% second preferred and 4.68 million dollars of first 7% preferred stock outstanding, together with 11.71 millions of funded debt. Dividends on the first preferred have been paid without interruption since issuance but only occasional payments have been made on the second preferred. Net profits available for the 611,690 shares of common stock, exclusive of nonrecurring income were equivalent to 76 cents a share in 1927. This showing, as already indicated, seems likely to be materially bettered when the present year closes. *Accordingly, the common stock, whose market is entirely over-the-counter, appears to have more than ordinary promise as a long pull speculation at prevailing prices around 35.*

IMPROVED OUTLOOK *for the* RUBBER INDUSTRY

How Goodyear, United States Rubber and Goodrich Stand to Benefit from Better Trade Conditions

By NEWTON R. CALLEY



THE rubber manufacturing industry possesses basic characteristics which, under normal operating conditions, should enable the strong companies to show consistently increasing earnings over a period of years. In the past five years, however, these characteristics have been prevented from asserting themselves largely because of one unfortunate influence: the sharply fluctuating price of crude rubber. The danger from this source at present seems pretty well eliminated, and it appears likely that the natural expansion in the earning power of the rubber manufacturers, which has been interrupted for a number of years, should make itself doubly evident in the coming twelve months.

Fundamentally the industry is favored by conditions conducive to satisfactory profits. Most important is the steady growth in volume of business. Year after year the production of rubber goods in this country established new records. Primarily this is due to the consumptive nature of the principal product, tires. These must be replaced at definite, periodic intervals, and the demand apparently goes on increasing forever. In August, this year, the most recent month for which statistics are available, the deliveries of tires in this country increased 31.1% above August, 1927, reaching a new record; and production gained 29.6%, likewise establishing a new record. These figures are simply representative of a growth which is always going on.

New Products

Another important factor in the steadily growing rubber production is the developing of new products. Rubber is entering many phases of life: Rubber flooring, rubber paving blocks, and a rubber substitute for leather are only a few of the comparatively recent innovations. Scarcely a week goes by that does not find some new device put on the market which creates an important new source of demand for the rubber manufacturers.

Then, also, there is the factor of declining costs in which respect the rubber industry has perhaps made more marked progress than any other large manufacturing industry in the country in recent years. According to government figures the productivity of rubber manufacturing has increased 100% in the past seven years. More striking is the experience of one Akron factory which in 1920 was turning out less than one tire a day per employee whereas today it is producing more than three tires a day per employee.

Price Fluctuations

These fundamentally healthy symptoms of what should be a thriving industry have been largely offset by extreme fluctuations in the price of crude rubber. From a low of under 20 cents a pound in 1922, this commodity moved up to a high of above $1 in 1925. This increase has since been practically all cancelled and crude rubber is again quoted at somewhat under 20 cents a pound. The difficulties for the rubber manufacturers resulting from these variations have been tremendous. Crude rubber represents a substantial proportion of the cost of a tire, especially when crude is at high levels. Thus finished product prices were sharply affected by the movements in crude. The uncertainty of the value which would ultimately be realized by the manufacturer on his inventories, including crude rubber, goods in process and finished materials, caused instability in the industry. High profits in one year, caused in large degree by the advancing values of inventories, were often wiped out in subsequent years. This instability was naturally reflected in depressed prices for rubber securities.

The principal cause of the extreme fluctuations in crude rubber has been the Stevenson Act for the restriction of British exports. This restriction, however, was removed on November first so as to permit unlimited shipments from British controlled plantations. Crude is thus now likely to find a natural price level some cents above the cost of production, with an increasing supply taking care of an increasing demand. The outlook is for comparatively narrow fluctuations in the price of crude, which is exactly what the rubber manufacturing industry wants; for it can then go about its ordinary business without constantly worrying about raw material price fluctuations.

The Rubber Institute

Another encouraging sign of the times is the formation of the Rubber Institute, headed by General Lincoln C. Andrews. In recent years unfair trade practices have grown up which tended further to unsettled conditions in the industry. Secret rebates have been granted in order to make sales, and price cutting has been common. The Institute, however, holds out promise of correcting these abuses by promoting uniform customs and practices. It is at present engaged in a national advertising campaign, and its efforts generally should do much to aid in stabilizing conditions within the industry.

The better prospects which seem to be in store for the rubber manufacturing industry call attention to the securities of the strongest companies. If the better trade conditions materialize, they are pretty certain to be reflected in increased earnings. The following analysis is concerned principally with the common stocks of the three largest manufacturers, Goodyear Tire & Rubber Company, the United States Rubber Company and the B. F. Goodrich Company. A comparison of the merits of the junior or equity issues of these companies brings out some significant individual differences.

Interpretation of Earnings

Considerable difficulty is encountered in appraising the earnings of the rubber companies over the past few years. Various methods have been used, under the stress of sharply fluctuating crude rubber prices, to make fairly presentable showings even in those years when inventory losses were enormous. The practice has been generally adopted of setting up contingency reserves in years of rising crude rubber prices which might be called up in subsequent years to absorb at least a part of the losses accruing from shrinkage in inventory values.

By far the most important factor in earnings statements in years when crude rubber either advanced or dropped sharply has been the treatment of the paper profits or paper losses arising from this advance or fall. Since each company handled this problem pretty much in its own individual way, an accurate, reliable comparison of earnings is impracticable, and no elaborate attempt in that direction has been made in this analysis. Too much emphasis should not be attached to the accompanying table of earnings for the three companies in 1927, although the figures there given may serve as a rough indication of their respective showings.

Effect of Inventory Shrinkage

Indicative of the accounting difficulties of the rubber companies are the attempts of the United States Rubber Company to make allowances for its shrinkages in inventory values. In its report for the year 1926 the entire earnings of $8,535,380 were set up as a reserve, the effect of which was to bring inventories to approximate market value. It subsequently developed that during 1927 an additional $8,910,679 had to be appropriated from surplus in order to bring the value at which inventories were carried as of the first of the year down to what they ultimately proved to be worth. Under such conditions any attempt to judge a company's normal earning power is futile.

In the case of Goodyear and Goodrich, reserves were set up in some years and to some extent appropriated in subsequent years. A company's reported earnings thus depended largely on the stringency, or lack of it, employed in writing down inventories. The amount of reserves set up or appropriated, as the case might be, was a pretty arbitrary figure. The accompanying table shows 1927 earnings on Goodyear's common stock of $9.57 a share, on United States Rubber common of $1.26 a share, and on Goodrich common of $15.41 a share. These calculations are admittedly open to criticism, especially the United States Rubber Company earnings which took no account of the $8,910,679 charge to surplus to cover inventory losses.

Six Months' Earnings

A similar discrepancy in bookkeeping methods is evident in the earnings reports for the first six months this year, and thus a fair comparison is again impracticable. Goodyear in that period appropriated $2,500,000 from its contingency reserve in order to cover excess cost of raw materials, while Goodrich made no such appropriation. Both companies wrote down crude rubber inventories to market, which represented substantial losses since this commodity was quoted around 40 cents a pound at the beginning of the year and around

Earnings of Leading Rubber Companies in 1927

	Goodyear	United States	Goodrich
Sales	$222,178,540	$193,442,945	$151,684,961
Total profits	23,089,621*	16,522,952x	20,514,895
Interest, discount, etc.	5,029,282	6,290,900	2,927,098
Other prior charges (subsidiary dividends)	1,424,672	....	....
Depreciation	*	3,980,571	3,007,490
Reserve for contingencies	3,500,000	....	1,000,000
Federal taxes	*	none	1,800,000
Preferred dividends	5,645,380	5,226,489	2,477,510
Applicable to common	7,490,287	1,024,992z	9,302,797
Number of common shares	783,854	810,000	602,216
Indicated earnings per share on common	$9.57	$1.26z	$15.41

* Goodyear total profits reported after depreciation and federal taxes.
x United States Rubber's total profits included $4,000,000 received from plantations' subsidiary.
z United States Rubber's earnings applicable to common stock were actually nil, as is indicated by absence of federal taxes, due to the appropriation of $8,910,679 necessary on account of inventory shrinkage.

Market Valuations

				Percent of total market valuation
Goodyear:	Funded debt	@ par	$ 77,823,000	34%
	805,124 shares of Preferred	@ par	80,512,000	35
	829,611 " " Common	@ 85	70,517,000	31
			$228,852,000	100%
U. S. Rubber:	Funded debt*	@ par	$105,352,000	57%
	651,100 shares of Preferred	@ 75	48,832,500	26
	810,000 " " Common	@ 40	32,400,000	17
			$186,584,500	100%
Goodrich:	Funded debt	@ par	$ 29,068,000	23%
	339,080 shares of Preferred	@ par	33,908,000	25
	745,910 " " Common	@ 85	63,402,000	52
			$126,378,000	100%

* Not including $17,750,000 bank loans.

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	115.54	160.35	133.40	No	86	4.7
Atchison, Top. & St. Fe	5 (N)	37.17	48.83	40.47	No	104	4.8
Union Pacific	4 (N)	38.41	41.17	39.35	No	83	4.8
Southern Railway	5 (N)	37.63	39.33	36.17	100	98	5.1
Baltimore & Ohio	4 (N)	35.33	48.41	38.44	No	78	5.1
Pere Marquette Prior	5 (C)	57.50	68.77	64.08	100	96	5.2
Colorado & Southern 1st	4 (N)	43.18	52.56	57.76	No	77	5.2
Wabash "A"	5 (N)	11.48	11.86	6.87	110	92	5.4
Colorado & Southern 2nd	4 (N)	39.13	48.50	53.76	No	71	5.6
St. Louis Southwestern	5 (N)	11.96	12.09	9.30	No	90	5.6
N. Y., Chicago & St. Louis	6 (C)	24.91	24.65	20.31	110	108	5.6
Kansas City Southern	4 (N)	10.06	10.86	9.04	No	70	5.7
Chic., Rock Is. & Pac. 2nd	6 (†)	12.23	20.57	22.49	102	101	5.9
St. Louis, San Francisco	6 (N)	102.65	108.19	107.70	100	96	6.3
N. Y., New Haven & Hart.	7 (C)	....	....	22.05	115	112	6.3

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable	Recent Price	Yield %
Columbia Gas & Electric	6 (C)	....	27.81	25.42	110	107	5.6
Public Service of New Jersey	8 (C)	§19.66	§21.46	§16.28	No	138	5.7
Philadelphia Co.	3 (C)	23.53	24.20	28.28	No	53	5.7
North American Co.	3 (C)	21.91	28.95	31.73	55	52	5.8
Hudson & Man. R. R. Conv.	5 (N)	34.12	40.32	40.70	No	84	6.0
Amer. Water Works & El.	6 (C)	....	22.63	24.30	110	100	6.0
Federal Light & Traction	6 (C)	33.02	41.51	39.67	110	98	6.1
Standard Gas & Electric	4 (C)	14.00	20.00	16.20	No	66	6.1
West Penn Electric	7 (C)	16.15	20.81	23.10	115	110	6.4
Electric Power & Light	7 (C)	9.72	13.83	16.21	110	107	6.5
Continental Gas & Elec. Prior	7 (C)	22.26	26.23	32.71	110	106	6.6
Amer. & Foreign Pow. 2nd	7 (C)	11.40	8.69	3.58	105	96	7.3

Industrials

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable	Recent Price	Yield %
International Harvester	7 (C)	32.11	36.74	35.71	No	142	5.0
American Smelting & Ref.	7 (C)	30.88	35.52	30.96	No	136	5.1
McCrory Stores	6 (C)	45.97	47.82	52.42	110	115	5.2
Pillsbury Flour Mills	6½ (C)	....	*20.19	*44.90	110	123	5.2
Case (J. I.) Thresh. Mach.	7 (C)	21.49	29.39	38.43	No	124	5.6
Studebaker Corp.	7 (C)	208.13	173.89	160.79	125	125	5.6
General Motors	7 (C)	101.78	167.17	182.15	125	125	5.6
Endicott Johnson	7 (C)	44.57	34.77	48.10	125	125	5.6
Mathieson Alkali Works	7 (C)	58.60	67.86	74.06	No	124	5.6
Deere & Co.	7 (C)	13.68	23.22	25.74	No	125	5.6
U. S. Industrial Alcohol	7 (C)	33.98	16.27	30.03	125	125	5.6
U. S. Cast Iron Pipe	7 (C)	45.84	42.08	28.12	No	122	5.7
International Silver	7 (C)	16.08	24.39	30.82	No	120	5.8
Bethlehem Steel Corp.	7 (C)	26.64	20.84	16.32	No	120	5.8
Associated Dry Goods 1st	6 (C)	29.92	27.67	24.10	No	102	5.9
Baldwin Locomotive	7 (C)	0.98	29.42	12.21	125	117	5.9
Brown Shoe	7 (C)	45.23	29.69	44.12	120	119	5 9
American Cyanamid	6 (C)	*20.53	*29.53	*24.24	120	99	6.1
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
Radio Corporation	3.5 (C)	10.31	13.86	20.02	55	56	6.2
Mid-Continent Petroleum	7 (C)	106.48	133.61	52.40	120	113	6.2
Devoe & Raynolds 1st	7 (C)	37.29	49.70	53.23	115	112	6.3
Loew's, Inc.	6½ (C)	....	....	....	105	102	6.3
Central Alloy Steel	7 (C)	....	35.11	27.26	110	111	6.3
Goodrich (B. F.) Co.	7 (C)	51.57	13.96	39.19	125	111	6.4
General American Tank Car	7 (C)	24.09	27.95	37.68	110	110	6.4
Bush Terminal Debentures	7 (C)	16.01	16.81	18 88	115	109	6.5
Victor Talking Machine	7 (C)	nil	38.44	35.00	115	107	6.5
U. S. Smelting, Ref. Mng.	3.5 (C)	5.97	6.25	6.28	No	53	6.6
Goodyear Tire & Rubber	7 (C)	....	11.83	18.80	110	100	7.0
International Paper	7 (C)	12.58	11.31	7.42	115	96	7.3

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. * Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co.

20 cents a pound at the end of June. On the other hand, it is understood that both companies carried goods in process and finished goods, which naturally would be pretty largely disposed of within a month or six weeks of the closing of the six months' period, at cost, rather than at market.

On this basis Goodyear reported earnings sufficient to cover preferred dividend requirements and leave a small balance applicable to the common stock. Goodrich, however, reported a deficit after depreciation and interest charges, and before preferred and common dividends. If Goodrich had made an appropriation from its contingency reserve account, which it might very well have done when calculating its year's earnings, a profit might have been reported.

United States Rubber followed a more drastic policy than either of its competitors in the six months' period in respect to treatment of inventory losses. All losses arising from the decline in crude rubber prices were absorbed, including the loss from participation in the National Crude Rubber Reserve, and inventories of goods in process and finished goods, as well as all crude inventories, were written down to market on the basis of 20 cent rubber. This policy involved a deficit for the period of $14,084,269. The larger deficit on the part of United States Rubber was due in part, also, to the fact that it is compelled to carry proportionately larger crude inventories because of its ownership of plantations.

Heavy Sales Reported

The difficulty of intelligently interpreting these earnings makes one naturally look about for a substitute which may more accurately fix the respective positions in the trade of these three largest units. Under these circumstances a reasonable guide is found in the sales figures. In the years 1926 and 1927 Goodyear has reported record sales, in fact it is now the largest rubber manufacturer in the world, usurping that position from United States Rubber. The latter company is now second in volume of sales in this country and Goodrich is third. Their positions in this respect remained unaltered on the basis of the first six months' sales this year.

Sales of the three companies in 1927 amounted to $222,178,540, $193,442,945 and $151,684,961 respectively. Assuming that each company were to earn gross profits of 10% on sales, and estimating charges on basis of present capitalizations, a sales volume equal to last year's would result in earnings of roughly $6 a share on Goodyear common, roughly $3.50 on United States Rubber common, and roughly $8.50 on Goodrich common. It may be further estimated that for every additional 1% by which the profit margin might be increased Goodyear could show an additional $2.25 a share on its common, United States Rubber an additional $2 on its common, and Goodrich an additional $1.75 on its common. These esti-

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American Metal Co., Ltd.

VARIED ACTIVITIES FEATURE LONG STANDING MINING ENTERPRISE

In Line for Earning Power More Representative of Present Metal Conditions

By FRANCIS C. FULLERTON

American Metal Co., Ltd.

	Operating Profits (Millions)	Depreciation and Depletion (Millions)	Net Income (Millions)	Common Dividends Paid (Millions)	Net Working Capital (Millions)
1922	$3.2	$1.2	$2.0	$1.4	$18.8
1923	4.9	2.2	2.7	1.6	18.5
1924	5.3	1.3	3.3	1.8	18.3
1925	5.3	1.6	3.4	1.9	19.4
1926	4.5	1.7	2.7	2.4	17.2
1927	4.8	1.7	2.5	1.8	16.3

ALTHOUGH its corporate existence extends back to 1887, the American Metal Co., Ltd., is usually regarded in the light of an organization still undergoing extensive development, in the sense, at least, that it has the possibilities of gradually working into a position in the mining industry of considerably greater potency even than that heretofore occupied. The record of the company in recent years has been satisfactory without anything bordering on the spectacular achievements of its illustrious competitor, the American Smelting & Refining Co., whose activities are along the same general lines although on a materially larger scale. American Metal is generally looked on as a smaller edition of American Smelting & Refining, in that their function is predominantly the smelting and refining of ores mined by others, a field which, as far as the number of important organizations engaged therein is concerned, is decidedly limited. Length of corporate life, in the case of American Metal, is little criterion of its future, for its scope, particularly in respect to directly controlled mining properties, was appreciably expanded following the war, and it is necessary to weigh this broader aspect in connection with the marked change in the complexion of the metal situation.

Development of Properties

In addition to the main function of smelting and refining custom ores, both campanies are interested in a large way in the development and operation of their own mining properties, and American Metal of late years has devoted much attention to this phase of the business. The tonnage of ore mined increased within a period of only three years from 477,596 in 1924 to 897,488 last year. Properties are located in various parts of the United States, and likewise in Mexico, Cuba, and South America. There is also a stock interest in the Roan Antelope Copper Mines, Ltd., of South Africa. Operations are conducted largely through subsidiaries. In some instances, revenues derived from mines of subsidiaries are not yet available to the holding company. The Pecos zinc-lead mine in New Mexico, which went into production late in 1926, has been progressing satisfactorily, but earnings therefrom are being applied towards retirement of the funded indebtedness of the American Metal Co. of New Mexico, the subsidiary in which ownership is vested. In this way and also because of the decidedly firmer metal markets, revenues accruing to the parent organization should be subject to enhancement as time goes on, even in the absence of further expansion.

American Metal's own mines run more to other non-ferrous metals than to copper, hence the great strength manifested in the copper market of late is not of the same immediate benefit as would be the case otherwise. Copper is produced in large quantities but to a considerable extent from custom ores, and although profits from this type of production are bound to be stimulated in the long run under such circumstances, they are not affected so rapidly or to the same extent per pound by upward variations in the price of copper. High metal prices, on the other hand, bring out a larger volume of custom ores for smelting and refining, especially from smaller properties of the type most likely to avail themselves of outside facilities and whose cost of production precludes any appreciable output when prices are below a certain level. If, as seems probable, a selling price for copper around 16 cents a pound proves to be sustained over a period of several months, next year should witness a material increase in aggregate smelting and refining operations, with corresponding results in American Metal's income statement.

Income Ahead of 1927

At this time American Metal is showing earnings approximately equal to the annual dividend rate of $3 on the common stock. The figure for the nine months ended September 30 was $2.42 as against $2.54 for the corresponding period last year and $3.64 for the entire year of 1927. Lower share earnings are the result of a recent adjustment and increase in capitalization. Actual dollar income is running ahead of last year. The $2.42 for nine months is on the basis of the present capitalization applied to the entire period, for even though not actually applicable in this manner, a more accurate picture of the immediate and forthcoming status is provided. The company took occasion to retire its old 7% preferred, of which there were 50,000 shares, and issued in place thereof 100,000 shares of new 6% cumulative preferred partly

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EDITORIAL PAGE

Building Your Future Income

TO-DAY—The Young Executive

TO-MORROW—The Business Leader.

This department is the contribution of The Magazine of Wall Street to the financial education of the nation's present and future investors and business executives.

Through this medium we extend to our subscribers an opportunity to assist us in spreading the doctrine of safe and sound investment by using these pages as a practical guide to financial success in their own homes and offices.

Don't Bet on a Rabbit's Foot

KNOWLEDGE is not always synonymous with wisdom; but as applied to security investment it is at least an acquirable characteristic which forms the sound foundation upon which judgment may effectually be exercised. And in these days when full knowledge of almost any security may be so readily obtained, a commitment based on anything less is simply giving odds in a game of chance.

The price range of a stock or bond, the company's earning record for several years back, its dividend policy, financial position, the status of the industry and the relation of the company's prospects in that industry, are all facts that can be ascertained without undue difficulty. It is true that having gained full knowledge there yet remains the element of judging the merit of the purchase or sale. It still must be decided when the time is ripe for the execution of the order; but this factor is common to any commitment, and how much stronger is the hand that can approach the decision fortified with the fundamental facts than when armed with no more than mere opinion or conjecture.

Everyone has a certain inherent laziness that not only contributes to a reluctance toward personal investigation, but also makes easy the acceptance of the advice of successful friends or official-sounding news from other sources. The confident statement that "'They' are going to put Standard Consolidated up" has a certain intriguing magnetism. To be "in the know," however, is, paradoxically, not knowledge. "In the know" is not infrequently only another way of being included among the victims of a distributing pool operation. Rumors are too often floated with very definite objectives, and, unfortunately, on repetition they lose much of their rumor characteristics and take on the aspect of fact.

Board room talk, tips and hunches fall into no higher or more creditable category than rumors. None of them are tools of profitable investment. Investment, or even sensible speculation is not to be compared to a horse race. Luck is not a factor to count on. Know the facts, don't just bet on a rabbit's foot, even if it is the left hind foot of a graveyard rabbit killed in the dark of the moon.

"Intelligent Use of Present Income Will Assure Financial Independence."

Why Annuities Attract the Thoughtful Investor

A Convenient and Safe Provision for Old Age

By FLORENCE PROVOST CLARENDON

In accordance with a wide interest manifested in thousands of letters on this subject we take pleasure in presenting this clarifying discussion of the purpose and utility of life insurance annuities.

In Two Parts—Part I

WHEN life's autumn comes, bringing those mellow years beyond the Three Score, there is a natural desire to take things more easily, to lessen business activities, and to enjoy an existence free from financial worries. In earlier life there is interest and stimulation in overcoming difficulties and surmounting obstacles in the path of financial progress. But as a man grows older such strenuous endeavor fails to stimulate. On the contrary, it is apt to cause worry and anxiety.

The elderly man whose blood pressure shoots up when he is excited or distressed, and whose heart beats like a triphammer in trying situations, must avoid becoming unduly exercised over financial and family affairs. To be happy he must live more quietly in the autumn days; and he needs a regular income from a reliable source which requires neither worry nor watching on his part. In such circumstances a life annuity from a reliable insurance institution is a particularly sensible investment.

Prolonged Life

It is an interesting fact that annuitants are blessed with an unusual longevity, and on the average live longer than other people. This long life is doubtless due in great measure to the peace of mind and lack of worry which comes to the recipient of a regular and guaranteed life income.

Cost of An Annuity of $1,000 Per Annum—Single Life

Male Purchase Price	Age	Female Purchase Price
$12,010	55	$13,440
10,460	60	11,820
9,170	65	10,310
7,550	70	8,760
5,990	75	7,080

The buying of annuities is slowly but steadily gaining favor in this country. It is an investment which has long been popular in Great Britain and other European countries where the interest on capital has been on the average lower than in America. Discerning investors in this country who have an intimate knowledge of life insurance know that such an investment yields an unusually large return linked with absolute safety.

An annuity provides a specified income at stipulated periods, requiring no effort on the part of the annuitant other than the endorsing and depositing in bank of the income check regularly received. As arranged when purchasing the annuity, this income may be paid either monthly, quarterly, semi-annually, or annually.

There is a flexibility about the Annuity contract which makes it appeal to the younger as well as to the older investor. The elderly man finds that an annuity provides an immediate income of high yield; while the thrifty young man sees an opportunity to provide for old age independence through premium payments on a Deferred Annuity. The principal forms in which annuities are issued are:

Immediate Single Life Annuity
Joint and Last Survivor Annuity
Deferred Annuity—Single or Joint Survivorship Annuity

The Single Immediate Life Annuity and the Joint and Survivor Annuity will be dealt with in this article. Later we shall discuss other types—Deferred Annuities, etc.

The absolute safety of the annuity investment taken through a good Old Line life company is one of the outstanding attractions of this purchase, while the high income yield is another element which makes it particularly appealing to the purchaser. Unquestioned security must back the annuity payments, and a life insurance company offers the best medium because the investments of such institutions are necessarily conservative and judicious. Their holdings are spread over wide areas, in well balanced groups. Such investments are subject to the approval and supervision of the insurance departments of the various states in which the companies operate. There is thus a double guarantee, for the conservative management of the companies is proverbial, while supervision has been conducted with intelligence as well as integrity.

A Typical Case

An annuity purchased by a man over sixty years of age, or for an elderly man and wife under a joint and survivor annuity, is a most desirable investment. Consider, for instance, that the annuitant has retired from business with a capital of $50,000 with which he proposes to provide maintenance for the balance of his life. If conservatively invested in long term bonds, or other "gilt-edge" securities, it cannot be assumed that the interest yield will consistently run above 5%

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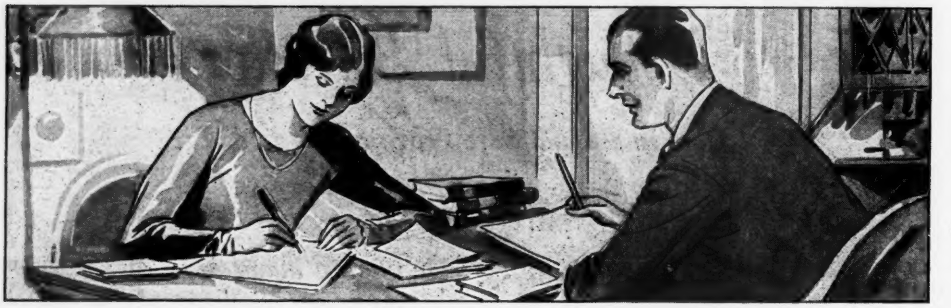
Cost of An Annuity of $1,000 Per Annum—Joint and Survivor Plan

Age: Wife	Age: Husband	Purchase Price
60	65	$13,240
65	65	12,210
65	70	11,640
70	70	10,500
70	75	9,900

Thrift Spells Financial Independence



A Personal Experience Story That Shows How Careful Planning Has Made the Goal Possible

By M. J. W.

THE year of 1925 had been a year of greater earnings than I had been accustomed to. I had been promoted to manager of a retail store in a large city, and large cities are both an encouragement to spend all one's earnings as well as an encouragement to live well within one's means, the difference being in the viewpoint. This particular year turned out to be one during which my expenditures increased not only to the extent of my earnings, but more, though my wife and I both agreed that we must plan to save some reasonable portion of our annual income.

I was married in 1923 when I was earning $2,600 per year, and my wife who had continued working as she had been before our marriage, earned $1,500 per year. These amounts we spent furnishing a modest apartment and for clothes, and during the next two years beside paying $350 per year for life insurance, saved $700, which added to $600 I had saved before I was married, amounted to $1,300.

Late in 1924 my promotion was given me and accepting it, I was obligated to not allow my wife to continue working, and of course as my earnings would now be greater than our combined earnings previously, we were pleased.

At the end of 1924, after a most two years of married life I had nothing financially to show for my earnings and my wife's earnings except furnishings for a comfortably furnished four-room flat, an insurance policy for $10,000 of the 20 payment life type, and $1,300 in preferred stock of the company by whom I was employed, which I had purchased with our savings. Thus the beginning of the year of 1925 found me.

My earnings now being greater than they had ever been even with my wife's help, we optimistically proceeded to expand our expenditures to equal my earnings. We bought additional home furnishings, we made trips at vacation time, went to all the shows, ate in the best restaurants on occasion, and enlarged our wardrobes, in short spent everything our income would allow, with the startling result that the end of the year found me without a cent saved and I was obliged to sell three shares of stock to pay my insurance premium at the end of the year.

My wife and I got together over the records of our profligacy and resolved, as is done so many times and by so many people, to save some money the following year. But we had done that very thing at the beginning of the previous year, and to no avail. The stumbling block, as I later found, was the lack of a definite plan.

Table I.
Accumulations Over a 25-Year Period

1926	$1,000
1927	2,070
1928	3,144
1929	4,365
1930	5,670
1931	7,067
1932	8,562
1933	10,161
1934	11,873
1935	13,604
1936	15,556
1937	17,645
1938	19,880
1939	22,272
1940	24,831
1941	27,569
*1942	39,499
1943	43,194
1944	47,217
1945	51,523
**1946	57,029
***1947	62,821
1948	68,219
1949	73,994
1950	80,174

*$9,000 cash value insurance policy added, insurance to be carried on lower straight life basis hereafter.

**$900 cash value insurance policy added in this year.

***$800 cash value insurance policy added in this year.

The real awakening came at a friend's home where there were five for dinner. After dinner bridge was played with the one holding the poorest score sitting out each game. It came my turn to sit out and as I retired to a big arm chair I picked up a book lying beside me. It was "Financial Independence at Fifty."

The subject took me by storm, and borrowing the book, I finished it that night and began the formulation of a plan to suit our particular case. The determination was made, that there would never be another year for us like the one just past.

After a careful study of financial literature I selected a bond which appeared to have considerable merit and which yielded a fair return, and calling up a friend who sold securities on a partial payment plan, I asked him to come in and see me. When he came I handed him a dividend check, which I had just received, as a first payment and thus made good my resolution to start. With this payment I decided that henceforth all other dividends and interest would be conserved in a similar manner, thus compounding my investment returns. In addition I resolved that all bonus money would be saved, and as a substantial portion of my earnings come in this manner, I would then have no difficulty following my plan. Further-

more, realizing that insurance premiums could only remotely be considered as investment I decided to save enough out my salary to pay my insurance premiums. Then knowing that contingencies must be provided for, I decided that even more must be saved from my salary, so in a way this was the start of my plan and the result was $500 saved that year.

All through the year 1926 I felt a weakness in the plan through want of definite form and through reading continuously of other financial programs, I developed the plan which I am now following and which seems so satisfactory to me that I am sure I shall continue to follow it to the realization of my goal. I have tried to reduce it to the greatest simplicity, for through simplicity the element of discouragement is eliminated and probably discouragement is the greatest enemy of any thrift plan. I have tried to make it thoroughly workable, for ultimate success depends upon continuous success. The plan has been based upon past performances, and not theory, to which I attribute its success this year.

First comes the yearly accumulation plan, as shown in Table I. My goal is $80,000 for that amount will yield a yearly income of about $5,000 at 6%. Under present conditions, $3,000 a year would be a sufficient return, but as the plan covers a period of 25 years, some additional margin must be allowed for advancement in the scale of living as well as to provide for such contingencies as a decline in the purchasing power of the dollar. I have placed my yearly savings at $1,000 because that amount is well within the limit of possibility at my present income and though I am now 33 years of age, with possibilities of greater earning power, for safety's sake I have based my plan upon yearly savings of this amount, thus lessening the likelihood of severe disappointment.

Table II.
Monthly Budget Plan

Section I.	(a)	Savings	$35
	(b)	Fixed Expenses	35
Section II.	(a)	Rent, etc.	80
	(b)	Household	55
	(c)	Apparel	40
	(d)	Incidentals	15
		Total Section I	70
		Section II	190
			$260

Now comes the monthly budget which is the essence of the major plan. My salary amounts to $3,120 a year in monthly payments of $260. This amount is the basis for the monthly budget. The balance of my earnings is relatively indefinite, but amounts to about $1,500 a year, and while it has never fallen below this figure, a provision has been made in the monthly budget to offset any deficiency in earnings above salary, even should this source get so low as $600.

Table II shows the monthly budget which is made up in two sections, the first section providing for savings and the second for expenses. In the first section are two parts (a) and (b). Part (a) is permanent savings which go toward the $1,000 yearly accumulation and amounts to $35 monthly or $420 per year, leaving a balance of $580 per year to be saved from bonus. Thus the $1,000 per year is amply provided for.

Part (b) is called Fixed Expenses, and is auxiliary to (a) inasmuch as it provides for insurance premiums, interest, taxes, licenses, subscriptions to periodicals, etc., charity, lodge dues, etc. Section II has four parts as shown in Table II, the first (a) called Rent, including all expenses affected by place of residence, such as rent, gas, electricity, telephone, transportation and ice (renting an apartment having mechanical refrigeration eliminates the ice bill but increases rent and electricity). The second, "Household" (b) includes groceries, meats, vegetables, milk, house furnishings, dishes and utensils, as well as meals out. Apparel (c) includes clothing, cleaning and pressing, and laundry, these all being closely related. The last part (d) called incidentals, includes amusements and entertainment. To eliminate cumbersome bookkeeping, these classifications

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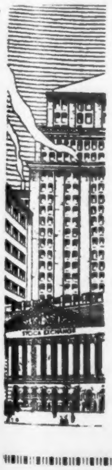
BYFI'S INVESTMENT SUGGESTIONS

THIS Revised BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left is outlined the advantages and disadvantages of each of the three principal mediums for accumulating investment principal through regular savings. On the right is presented a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings. The issues, if purchased in the order listed, are intended for a permanent investment, and, as such, will ultimately provide a sound backlog of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.



Accumulating Savings

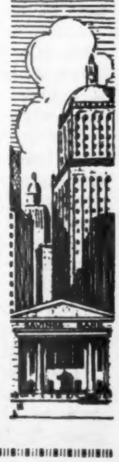
1. **SAVINGS BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. **SHARES OF WELL MANAGED BUILDING AND LOAN ASSOCIATIONS** may themselves be classed as investments but also serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. **ENDOWMENT INSURANCE** is recommended as a means of securing insurance protection at the same time accumulating funds to be available at some future date. Also possesses merit of regularity in saving but in view of small return, should not occupy too large a place in the accumulating program.

First Investments

Security	Recent Price	Yield %
1. Illinois Central 40-year 4¾s, 1966	101	4.7
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	103	4.8
3. Standard Oil of N. Y. deb. 4½s 1951	97	4.7
4. Western Pacific 1st 5s, 1946	99	5.1
5. Youngstown Sheet & Tube 1st S.F. "A" 5s 1978	101	4.9
6. New York Steam 1st "A" 6s, 1947	107	5.4
7. Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.1
8. Associated Dry Goods 1st 6% Pfd.	102	5.9
9. Hudson & Manhattan Conv. 5% Pfd.	85	6.1
10. Southern Pacific common $6	123	4.8



New Factors in the Building & Loan Field

Competition in Real Estate Loan Market — Growth of Associations — The Mainstay of New Building Construction

By MILTON M. SCHAYER

> *"The increasing funds of the insurance companies, mortgage companies, banks and trust companies are seeking a safe outlet. They, of necessity, still further invade the real estate loan market and with new amortized loan plans come into even closer competition with the Building and Loan Associations."*

THE most casual attempt to survey the present situation of the Building and Loan movement, must of necessity, be accompanied by some effort to portray some of the changing business conditions of the country. In this way one may establish a proper background for the picture.

In America's economic history, there probably never has been a decade which has seen such fundamental changes take place or such unprecedented growth of banks, trust companies, insurance companies and corporations, industrial and financial—growth in wealth and in promise of even greater wealth, with its accompanying degrees of power, prestige and influence.

Consolidations, mergers and absorptions of capital have upset the calculations of the shrewdest observers. Major mechanical inventions and the progress of industrial chemistry, still in their infancy, promise to revolutionize, manufacturing as well as the merchandising of those products.

Competition for Loans

The increasing funds of the insurance companies, mortgage companies, banks and trust companies are seeking a safe outlet. They, of necessity, still further invade the real estate loan market and with new amortized loan plans come into even closer competition with the Building and Loan Associations, which, for over three-quarters of a century have been occupying this field with conspicuous success.

The alert and successful Building and Loan executive knows that the loaning plan of today, which holds the promise of a safe outlet for funds, with reasonable profit, may be abandoned tomorrow for another plan that is better fitted to meet the ever changing conditions created both by the needs of the borrower as well as to meet the more favorable loaning plans offered by other Institutions.

The Building and Loan executive must be advised about these things as well as the changes that are taking place in his own class of institution. The last decade has also shown phenomenal growth in Building and Loan and mutual savings societies. Ten years ago the Building and Loan Associations of America had resources totaling almost two billions of dollars. This was the accumulations of about sixty-five years of business. Today these associations have approximately seven billions of dollars. Practically all of this money has been loaned to their own members for the purpose of buying or building homes.

A Pillar of Prosperity

The building construction industry continues to be the backbone of our nation's prosperity. It gives every indication that it will require more funds than it has in either of the three preceding years for residential types of buildings. During this period there was used in this class of construction about two and one-half billions of dollars annually. The total building program of the United States last year involved an outlay of $6,083,949,000 of which $2,489,588,000 was for residential type of building. The total of building work awarded for the first nine months of 1928 is already in excess of $5,000,000,000, a gain of 7% over the corresponding period of last year. Residential construction maintains its proportionate part of the whole. Building and Loan executives are particularly interested in this type of construction which uses so large a part of their funds. These improved prospects are indeed gratifying. One building supply authority has aptly said "the Building and Loan Associations hold the purse strings for the construction industry."

It is obvious that the trend of interest for real estate loans is toward a lower rate. The borrower is getting, and in all probability will continue to get, cheaper money. This fact, then, makes it equally evident that the Building and Loan Associations must buy their money at a lower price than they have been paying.

In a country as large as ours, it may be that in certain sections, conditions exist which will justify some associations to continue paying high prices for money, but the day is here when the rate is being lowered, both the rate charged and the rate paid.

In the last analysis the well managed Building and Loan Association is really a clearing house between the borrower and the lender. It is likewise obvious that as long as our Government will endure, that its citizens will demand homes, new homes, better homes; and loans will be required to finance these homes, and the Building and Loan Associations will continue to fill an essential and ever-growing need in our economic life.

Remarkable Growth

Now let us consider for a moment the source from which these 12,804 Building and Loan Associations derive their membership and their resources of more than seven billions of dollars. An unthinkable sum, an unaccountable stream of gold. Ten years ago the Building and Loan Associations had nearly four million members who had accumulated as stated above, two billions of dollars. Today the Building and Loan Associations have eleven million members, who have, as stated above, accumulated over seven billions of dollars. In other words, today, one out of each ten of our citizens is an investor in some Building and Loan Association. This money naturally comes from the people, 11,336,261 of them to be exact. During the past year the Associations increased their membership from 10,655,705 to 11,336,261, an increase of 670,556 members or a gain of 6.4%. The combined assets of the

Associations increased $844,458,644 during the year, an increase of 13.3%. Of the total assets $6,584,818,419 or 91.7% is invested in mortgage loans.

The Problem of Expansion

In such a brief outline of the present condition of the Building and Loan movement, there is neither time nor space for a discussion of the value of saving money. The saving's habit, its effects upon the character, the style of living and the resulting constructive mental attitude is a subject that must be treated separately. Suffice it to say that there have been thousands of articles written and ten times as many speeches made, all having as their subject the virtue of persistent savings. For over seventy-five years the story of Building and Loan has been preached and practiced in an ever widening circle with constantly increasing success; yet with it all only one person in ten has taken advantage of the system.

To widen the scope and usefulness of this form of investment is the problem of the Building and Loan Associations. The intelligence, force and power with which these leaders attack this and other fundamental problems, will determine whether the insurance companies, the mortgage companies will successfully invade the Building and Loan field, and will also determine whether they can, in the next ten years, show a larger percentage of growth both in members and assets, than they did in the decade just passed.

To Building and Loan Investors:—

We are endeavoring to give our subscribers and readers more explicit information on their B. & L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, New York City.

Last Call for BYFI's 1928 Prize Contest

Less Than Two Weeks Remaining to Enter the Winning Story—Lists Close

November 30, 1928

FIRST PRIZE	SECOND PRIZE	THIRD PRIZE
$75	$50	$25

For the Best Story on *An Investment Program*

Here is a subject to which every BYFI reader has given thought and consideration. It is intentionally a broad topic so designed to include the widest range of experience. The program may be an actual personal record which has proved satisfactory; or may be a theoretical plan devised by the writer. It may take the form of an investment program for a professional man, a business man, an artisan, a widow, batchelor, farmer, business woman, etc.: or for the man with a growing family or an elderly couple. Again the occupation or station in life may be disregarded, and the subject made to fit various sized incomes. The program should not confine itself entirely to security investment; real estate, life insurance, building and loan and home buying may all find a place in a broad scheme. In short, the possibilities are many, and any angle of the subject may win a prize. The objective is a story of general interest and appeal.

Rules of the Contest

The contest is open to all whether or not you are a subscriber.

Prizes will be awarded for the best stories, judged, by the BYFI editor, on the basis of originality of discussion, general interest and practical value.

The first prize, as indicated above, will be $75.00, the second $50.00 and the third $25.00.

Stories which do not win prizes but which are deemed suitable for publication will be paid for at regular rates when they appear in print.

All manuscripts must be submitted in typewritten form, marked for the attention of the Prize Contest Editor not later than Friday, November 30, 1928.

No space limitations are imposed, but brevity is a desirable quality and articles of more than 2,000 words are seldom adaptable for publication in this department.

BUSINESS STILL EXPANDING

General Activity Embraces More Industries—Earnings Trend Upward — Commodity Prices Steady

STEEL

Situation Continues Promising

ALTHOUGH there is some indication of a forthcoming let-down of a seasonal variety in steel mill activity, the favorable outlook on the whole has undergone little change. Present rate of steel production continues around the 90% level but within the next two or three weeks there will undoubtedly be some downward revision. This is evidenced by the fact that the automotive industry is taking less steel and mill backlogs are contracting. A new output record, however, is assured for this year, the gain probably being about 5% over the banner year of 1926.

Steel buying in October was on a slightly lower scale compared with the unusual activity in the previous month, which was the outcome of price advances and the inability of producers to make prompt deliveries. No special rush of orders is expected until the end of the year since consumers will want

(*Please turn to page* 167)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1928 High	1928 Low	*Last
Steel (1)	$33.00	$32.00	$33.00
Pig Iron (2)....	17.50	15.35	17.50
Copper (3)	0.16	0.14	0.16
Petroleum (4) ..	1.90	1.03	1.36
Coal (5)	1.85	1.52	1.73
Cotton (6)	0.23⅛	0.17¾	0.19⅝
Wheat (7)	2.22	1.50⅞	1.57⅝
Corn (8)	1.27¾	1.06	1.05¾
Hogs (9)	0.12⅛	0.07⅝	0.09¼
Steers (10)	18.35	12.00	17.50
Coffee (11)	0.17⅛	0.14¼	0.18
Rubber (12) ...	0.41	0.17⅛	0.19⅜
Wool (13)	0.50	0.44	0.45
Tobacco (14) ...	0.12	0.12	0.12
Sugar (15)	0.04⅝	0.03¾	0.03¾
Sugar (16)	0.06⅛	0.05⅛	0.05⅛
Paper (17)	0.03¼	0.03¼	0.03¼
Lumber (18) ...	24.72	19.96	24.65

*Nov. 3.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Rate of activity shows little change, although this month should witness a downward revision since mill backlogs are rapidly diminishing. Steady demand, with gradual decline in order volume is indicated for balance of year. Prices continue strong.

METALS—A 16-cent level for copper now obtains in non-ferrous market, making possible further improvement in earnings status of leading companies. Heavier production of high cost producers will not affect situation for several months and in meantime stocks are low and demand is constantly expanding.

PETROLEUM—An advance in light crude prices is considered almost certain even though production, despite efforts to regulate supply, continues to mount. Comparatively mild weather finds reflection in sustained gasoline consumption and the decline in prices has been checked.

AUTOMOBILES—Motor car production in October is estimated at 400,000 cars, a decline from preceding month but higher than year ago. Evidence of tapering off in operations is now clearly apparent, although Ford and several other well situated manufacturers are still behind on orders.

PAPER—A reduction in newsprint prices for 1929 contracts emphasizes the overproduced and overcapacity condition in the industry. Until supply and demand are in closer alignment recovery is problematical. However, outlook for continued growth of consumption brightens long term prospects.

ELECTRICAL EQUIPMENT—Electrification of part of important railroad system will provide large amount of business for electrical equipment manufacturers and may lead to similar adoption by other roads. Other large consumers are steady purchasers. Earnings of leading companies are higher than year ago.

TOBACCO—Passing on of price reductions to public is reflected in heavier demand for cigarettes during recent months. Production in first nine months gained 8½% over same period in 1927. Earnings for current year should register improvement over preceding year.

COAL—Outlook is more encouraging as prices show upward tendency and output is kept within bounds. Seasonally heavier demand should be witnessed with arrival of colder weather but generally poor results of first six months will modify a favorable showing for full year.

SUMMARY—Industrial conditions show little deviation from satisfactory trend of recent months. Prospects for balance of year are on the whole favorable with no serious impediment to progress in sight.

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1 ***Be Brief.***
2 ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3 ***Special rates upon request to those requiring additional service.***
4 ***Write name and address plainly.***

STUDEBAKER

Would you recommend buying Studebaker around 75? Based on yield, earnings and prospects, I understand that the common stock of this company is an outstanding purchase. I have been informed that the book value of the stock is well over $50. What is your opinion of the immediate profit possibilities of a commitment in Studebaker common?—L. T. Z., Elizabeth, N. J.

In the third quarter of the current year, Studebaker Corporation sold more cars than in the corresponding period of any previous year since 1923. The actual value of this sales volume was greater for that period than any time in the company's history. For the nine months to September 30th, the company has sold 115,895 units or a gain of more than 23% over the corresponding period of 1927. Net profits realized in the current year to September 30th, were equal t $6.58 a share on 1,875,000 shares of common stock as contrasted with $5.99 per share in the first nine months of last year. The company's financial position has undergone considerable improvement this year with a marked strengthening of liquid position. Net working capital as of September 30th was in excess of $42,864,000, an increase of $6,173,000 since December 31st last. The company's investment in the Pierce Arrow Motor Car Company has failed to produce profits to date, but a general feeling exists in trade circles that Pierce Arrow has better than an even chance to make substantial progress next year. On the other hand, the enthusiasm which the foregoing facts would seem to engender is somewhat tempered by the highly competitive conditions existing in the automobile industry and the consequent difficulty in accurately gauging the future trend in the earnings of a single enterprise. The shares of the company in question, however, have a book value in excess of $52 per share, dividends would appear to rest on a reasonably sound foundation and in the event of any recession from prevailing quotations, they would offer an attractive income return in combination with a degree of speculative attraction.

BUSH TERMINAL

Thanks to your advice I held on to my Bush Terminal stock even though it dipped to 52 in September. Now it has gone into new high ground in the seventies. What is your recommendation at this time? Shall I continue to retain?—P. K. D., Atlanta, Ga.

Earnings of the Bush Terminal Company, after experiencing a slump in the first six months of the current year, have recently taken a turn for the better and net income reported for the nine months to September 30th, amounted to $1,305,270 as compared with $1,417,930 in the corresponding period of 1927. These results are equal to $2.58 per share and $3.88 per share respectively, although at the present time the common stock outstanding totals 222,691 shares as contrasted with 150,473 shares in the same months last year. The outlook seems favorable for further improvement in the last three months of the year, and the final showing, barring unforseen developments should be wholly satisfactory. In reflection of the turn for the better in the company's affairs, the common stock has recovered substantially from low prices prevailing earlier in the year and are now selling around their current high levels. The shares pay an annual cash dividend of $2 plus 6% in stock and assuming the sale of stock dividends an exceptionally liberal yield is obtained, but we are inclined to believe that prevailing quotations have gone a long way toward discounting the company's near term prospects. Under the circumstances, we would be inclined to conclude that the shares have a degree of merit as an income producing medium, but from the standpoint of price appreciation appear primarily attractive for the longer pull.

CONTINENTAL BAKING

Will you please let me know your present attitude toward the holding of Continental Baking stock? I have 100 shares of the A stock at a cost of 51 and 200 of the B at 6. I have been very pleased to note the recent recovery in market value from the lows of the year. Would you counsel further retention? Is resumption of dividends on the A stock far off?—K. P. L., Asheville, N. C.

Earnings of Continental Baking Corporation are responding to the

(Please turn to page 152)

New Issue

126,500 Shares

Bellanca Aircraft Corporation

Common Stock
(No Par Value)
Voting Trust Certificates

TRANSFER AGENT: American Trust Company, New York City
REGISTRAR: The Commercial National Bank and Trust Company of New York

Capitalization

	To be Authorized	To be Outstanding
Common Stock	500,000 shares	175,000 shares

The following is summarized from a letter of Mr. G. M. Bellanca, President of the Corporation:

History and Business: The Bellanca Aircraft Corporation, incorporated under the laws of the State of Delaware on December 31, 1927, is the outgrowth of my twenty-two years of research and practical experience in the development of aviation. The company is engaged in the manufacture and sale of aeroplanes at New Castle, Delaware. The manufacturing plant is located on a tract of about 365 acres, which includes a flying field endowed with great natural advantages, a feature of which is an 1100 foot frontage on the Delaware River. It is one of the most modern aviation fields on the eastern coast, and is equipped with two runways—east and west, 5,000 feet, and north and south, 2,500 feet. The manufacturing and assembly plants and the hangar embody the latest improvements in designing construction and all other facilities to form a complete unit for aircraft construction.

Production: The Bellanca Aircraft Corporation is now manufacturing aeroplanes at the rate of five aeroplanes a month, and are concentrating at present on the Bellanca CH, a cabin monoplane, powered by a Wright Whirlwind engine, and with a seating capacity for six persons. The safety, comfort and exceptional performance of this model, which is a refined and perfected development of the famous Columbia, has created a demand for the Bellanca CH, which necessitates an expansion of our manufacturing facilities.

Record: The purchase of the Bellanca plane rests upon its consistently remarkable performance under all conditions. It has won first place in every efficiency contest entered. At the recent National Air Meet in Los Angeles, a Bellanca won the Aviation Town & Country Club trophy for efficiency, the fourth time this has been won by a Bellanca. At the same meet a Bellanca won the Detroit News Transportation trophy for efficiency, competing against five makes of planes. After the Los Angeles meet, E. F. Schlee and W. S. Brock established a new American endurance record with a Bellanca, staying in the air 59 hours, 7½ minutes, with a load of 6,300 pounds, the heaviest load ever carried by a plane of this size. The old world's endurance record made by Clarence Chamberlin and Bert Acosta in April, 1927, and the New York to Germany flight of the Columbia emphasize the soundness of the principle which underlies the designs and construction of Bellanca planes.

Purpose of Issue: Proceeds from this financing will be used to enter upon a program of quantity production in the various models of Bellanca monoplanes, including seaplanes and multi-engine planes. This schedule calls for an output of one plane per day of the CH type. In addition to the present models, the company plans to announce in the near future a new type of commercial plane with new motor arrangements superior in efficiency in my opinion to any craft now on the market.

Earnings and Balance Sheet: Due to the heavy expense involved in the initial operations and moving of the plant to New Castle, Delaware, in June of this year, indicated profits for 1928 will not be material but have been consistently on the increase for the past few months. I am convinced that the profits to be secured from the business now on the Company's books will be most gratifying to stockholders for the year 1929. In addition the Company should derive a large amount of income during the coming year due to the development of its airport and through other models of planes.

The balance sheet of the Bellanca Aircraft Corporation upon the completion of the present financing as of September 30, 1928, as certified by Messrs. Lybrand, Ross Bros. & Montgomery, shows current assets of $1,789,297.18 and current liabilities of $104,707.78, or a ratio of 17 to 1.

Management: The management will be under the direction of Mr. Giuseppe M. Bellanca with whom will be associated executives of wide experience in production methods.

In order to insure continuity and stability of policy, the holders of the new stock will transfer same to five Voting Trustees under a five year Voting Trust Agreement.

Application will be made in due course to list the Voting Trust Certificates on the New York Curb Market.

Price $23.50 per share

The Voting Trust Certificates are offered subject to allotment or prior sale and in all respects when, as and if issued, and accepted by us, and subject to approval by our counsel. It is expected that delivery of temporary certificates or of interim receipts will be made on or about November 26th, 1928, at the office of the American Trust Company, 135 Broadway, New York City, against payment therefor in New York funds. Legal details passed upon for the Bankers, by Messrs. Choate, Larocque & Mitchell, New York City, and for the Corporation, by Robert H. Richards, Esq., Wilmington, Del.

L. Sherman Adams

70 State Street, Boston, Mass.

Member: **Boston Stock Exchange—New York Curb Market**

November 15, 1928. The statements herein have been accepted by us as accurate and reliable, but are in no event to be considered as representations by us

WORLD ECONOMIC POSITION—TEN YEARS AFTER THE WAR

(*Continued from page* 113)

vigor and a fair prospect of early success. An outstanding instance of the withdrawal of these admitted controls is the abolition of the British rubber scheme which came to an end on November 1, 1928.

Still Tariffs Go Up

In this general connection practically all countries have revised their tariffs upward, as has already been pointed out above. These defense measures again depreciated currencies and in behalf of the strengthening of nationalistic self-sufficiency have brought about numerous frictions which are only gradually being overcome with the spread of the most-favored-nation policy. Several nations are insisting upon preferential treatment of their products within their colonial groups. In fact, this is a uniform policy among all of the great powers, including the United States, with reference to their trade with dependencies. Broadly speaking, however, as currencies have become more stable and as the mutuality of interests in international commerce has been more fully appreciated, the tendency toward excessive tariff barriers has been somewhat alleviated, particularly with reference to discriminatory and arbitrary devices in behalf of industries which clearly have no prospect of survival even with considerable tariff assistance.

And so in spite of these various obstacles the trade of the world has gone forward with increasing momentum. The totals reached in 1927 mark a further notable advance beyond the abnormal conditions prevailing in the previous year. And even though the actual values of commerce last year were not up to the inflated figures of 1919 and 1920, nevertheless, the world's commerce is moving with far greater sobriety and stability than ever before. The trade of the world for 1927 is estimated at about 65.2 billion dollars as against 42 billion for 1913. Taking the prices and volume of trade for 1913 at one hundred, the quantity index for 1927 stands at 116, indicating a gratifying recovery from pre-war figures.

The chief reason for the general improvement of the 1927 world figures was the gratifying recovery of the Old World. European exports and imports increased about 9%, while in terms of money value the aggregate of the world's non-European trade remained about stationary. The share of Europe in the total world trade increased from 49.7 in 1926 to 52% in 1927, but is still considerably below the pre-war percentage of 62.5. Germany increased its imports nearly a billion dollars in 1927 over 1926 and Poland almost doubled its imports.

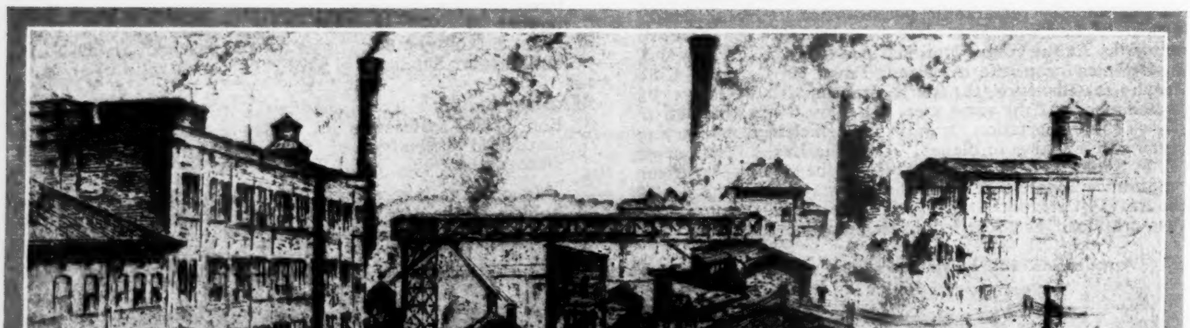
It is obvious that American loans and investments contributed largely to this revival of European trade. It should be noted, however, that Europe is still dependent on overseas imports in larger measure than before the war. In 1913 the European countries themselves supplied nearly 64% of the total imports of the countries of that continent; at present the percentage is about fifty-six. The onward sweep of our commerce as compared with that of the rest of the world is vividly recorded in the accompanying table. In 1911-13 we supplied 12.4% of the world's exports, whereas last year our share was 15.4%. It is true that this represents a substantial decline from the inflated figures of the first half of the post-war decade, but even so it indicates the relative advance which our export trade has made.

There have been numerous vital shifts in our commerce as to markets and commodities. In the first place the post-war period has clearly brought forth the shift in our exports from raw materials to wholly and partly fabricated wares. Since the war, more than 75% of the volume of trade represented by our fifty leading exports has been made up of various manufactured items. Finished and semi-manufactured goods now compose more than 57% of the total exports as against 46.7% during 1910-14. The conspicuous feature of this development of manufactured exports has been the participation therein of an increasing number of small manufacturers and dealers. The trade is no longer confined to a few large organizations whose patented specialties dominated the world in their various lines.

Ponderous Invisible Items

Another notable turn in the trend of our commerce has been the vastly increased significance of the so-called invisible items. It was not until the post-war period that the significance of these factors which do not appear in customs statistics was generally appreciated. Last year these items, which may be broadly described as purchases and sales of services—tourists' expenditures, interest on loans, freight charges, immigrant remittances, etc.—rather than of merchandise made up a total of nine billion dollars in both directions, which almost exactly matches the total of our merchandise exports and imports. The enormous development of such items as the tourist expenditures, which last year exceeded $770,000,000 and will probably reach $900,000,000 in 1928, is a vital factor

(*Please turn to page* 142)



From an etching by Anton Schutz

(*Continued from page* 140)

in the consideration of international fiscal and commercial policies. It is obviously misleading, therefore, to consider the trade relations between any two countries as being confined exclusively to movements of merchandise. In the cases of some European countries our purchases of services for our tourists exceed the purchases of goods in those lands.

One of the greatest obstacles—indeed, many authorities such as the British economist, Loveday, and others feel that it is the greatest—to world-wide economic recovery in the post-war decade has been the laxity of financial measures, extravagant expenditure, inadequate taxation, and the consequent inflation of the currency for revenue purposes. These evils resulted in a host of financial irregularities, the impairment of the acumulation of savings, and in numerous fiscal and financial shortcomings.

The sudden development of a large reservoir of surplus capital in this country available for investment abroad has also had its attendant difficulties, including some hasty flotations, ill-considered policies, and immature operations have been developed. But these have been the relatively minor incidents of "growing pains." By and large, however, this great fund which has been drawn upon through these years so heavily that our stock of private capital abroad now exceeds fourteen billions has been indubitably one of the major forces, if not the premier one, in building up the recovery of world economics in general.

The sanitation of fiscal systems has been one of the outstanding elements in the improvement of European conditions in the past two or three years. Whereas but 57% of the currencies in the Old World were stable in 1922, the percentage last year was ninety-seven. In budgetary matters, Soviet Russia is the only European nation showing no improvement in the administration of accounts. Ten countries in the Old World have not yet been able completely to balance their revenues and expenditures, but with the sole exception mentioned annual deficits have been steadily decreasing. Deficits, of course, remain much higher than before the war but there have been steady decreases registered in the last three years. In several countries the fruits of national economies have been applied to lightening the burden of taxation. In this connection it may be mentioned that one of the major problems in England today is the continued heavy local rate of taxes as against those levied by the national government.

The Gold Standard Restored

One by one the various nations of the Old World have returned to the gold standard and, as remarked by a London economist recently, "although one or two European countries, the most important of which is Spain, have still to stabilize their currency, the *de jure* stabilization of the franc really marks the close of currency disorgani-

(*Please turn to page* 144)

(*Continued from page* 142)

zation in Europe." Beginning with the League of Nations' rescue of the Austrian crown in 1922, during the past six years the principal European nations have one by one forsaken the allurements of inflation and returned to one or the other of the modern modifications of the gold standard. In some cases, it has been possible to re-establish the old pre-war parity while in others it has had to be abandoned for a new par; but in all cases, law and order have now successfully replaced chaos.

One interesting feature of this spread of stability and of resultant increases in savings has been the increasingly widespread distribution of corporate ownership. It is regrettable that accurate European figures are not available on this significant development. The movement of employee stock ownership in the Old World has, of course, made much less progress than here. According to a recent estimate, some 529 leading American corporations now have a total of about 2,800,000 common stockholders on their books, which is an increase of 700,000 or thirty-five per cent since 1923. There has also been a gain of nearly twenty-nine per cent in that time in the number of holders of preferred stock, so that the total increase of shareholders is well over a million during the past five years in this country. This tendency could not, of course, be matched in Europe, but even so there are unmistakable indications of a greatly increased interest on the part of small investors in the old world in stock in their native corporations. Their interest in foreign investments already far exceeds that of Americans on a per capita basis. The recent stock market agitations in this country have been apparently part of a world-wide movement of similar character. It would be interesting to appraise the relationships of these widely scattered episodes. The New York upheavals and record turnovers could be matched by similar conditions in all of the leading European exchanges.

Business Takes World Leadership

These facts have reviewed, primarily, the physical aspects of business during the profound post-war readjustments. But vast as the changes have been in these material respects, the alterations of the whole environment or relation of business to other affairs of civilization have been vastly altered and advanced. Business has taken a position of leadership in the world's affairs through countless activities contributing toward the general advancement of human well-being. One instance of that leadership was the negotiation of the Dawes plan with all that it has meant in the clarification and pacification of the European situation. Business throughout the world has set new standards of international collaboration through scores of conferences and councils on a scale infinitely beyond that of pre-war days. The long lists of Pan-American conferences, of Pan-Pacific sessions, of Pan-European meetings, and councils of all sorts vividly depict the widening appreciation of the value of collaborative effort.

Business has moved forward along lines of friendliness to broader fields of mutual advantage. Its participation in numerous tests of social and political interest have been notable; they would certainly have been scorned or rebuked two or three decades ago. These larger aspects of the achievement of business in recent years—in philanthropies, in the encouragement of education especially along technical lines, in fomenting closer contacts among nations through tours, visits of experts, international sessions, etc.—are perhaps less tangible than the record of figures on output or of transportation improvement, but they are none the less real, none the less vital to the story of the attainments of this incredible decade of post-war renaissance.

AMERICAN METAL CO., LTD.

(*Continued on page* 129)

through exchange and partly through sale. This together with 595,114 shares of common stock without par value constitutes the entire capitalization except for a negligible amount of subsidiary funded debt.

The 6% preferred, in contrast to the former 7% issue, is non-callable, and also convertible into common stock on the basis of 1 2/3 shares of common for each share of preferred. This ratio of exchange holds good at any time up to and including December 1, 1931. After that date and for the next four years the ratio becomes 1½ for 1, and for the following four years 1 1/3 for 1. After December 1, 1939, the convertible privilege ceases. The preferred is currently quoted around 112 as against 50 for the common, almost twenty-nine points in excess of the conversion parity, so that there is little incentive to acquire the senior stock for other than investment purposes, and although intrinsically sound as an investment, it is selling at levels which accord some recognition at least to the long range possibility of conversion profits.

Owing to liberal depletion charges and a uniformly strong position financially, American Metal can conservatively disburse the bulk of its net income to stockholders. The $3 dividend on the common appears reasonably secure in spite of the present narrow margin of earnings available therefor, and indications point to a more comfortable margin during the course of the coming year. American Metal common at 50 offers a 6% return and a probable means of deriving gradual benefit from the fundamentally improved metal situation. While enhancement in earning power is slower in developing than in the case of some other types of mining enterprise, it should be on all the more secure foundation when it does arrive.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 11/7/28	Div'd $ Per Share
Atchison	125⅜	90¼	111¼	70	200	91¾	197⅛	182⅝	194⅜	10
Do Pfd.	106¾	96	102⅛	75	106¾	72	108½	102½	104	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	191½	157⅛	†163	‡7
Baltimore & Ohio	122¼	99⅝	96	88¼	125	27⅝	119⅞	103¾	111¼	6
Do Pfd.	96	77¼	80	48¼	83	38½	85	78	†78	4
B'klyn-Man. Transit	..	..	..	..	77⅞	9¼	77¾	53⅜	67	4
Do Pfd.	..	..	..	..	89¾	31⅜	95⅜	82	88½	6
Canadian Pacific	283	165	220⅛	126	219	101	223¾	195½	220¾	10
Chesapeake & Ohio	92	51⅛	71	35⅝	218½	46	205¼	175½	188¾	10
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	40½	22¼	34⅝	..
Do Pfd.	181	130½	143	62½	76	7	56½	37	50¾	..
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	94¼	78	87	4
Chicago, R. I. & Pacific	..	..	45¾	16	116	19⅛	136¾	106	133½	6
Do 7% Pfd.	..	..	94¾	44	111¾	64	111½	106¼	†107¾	7
Do 6% Pfd.	..	..	80	35¾	104	54	105	100	101¼	6
Delaware & Hudson	200	147⅛	159⅛	87	230	83¼	226	163¼	187½	9
Delaware, Lack. & W	340	192½	242	160	260½	93	150	127	128	‡6
Erie	61¼	33½	59½	18¾	69¾	7	66½	48¾	57	..
Do 1st Pfd.	49¾	26¼	54¾	15⅛	66¼	11⅛	63⅞	50	58	..
Do 2nd Pfd.	89⅛	19½	45⅝	13⅛	61½	7⅛	62	49¼	55	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	103⅞	50⅝	109	93½	101½	5
Hudson & Manhattan	..	..	..	..	65⅞	20⅝	73½	51	54⅛	2½
Illinois Central	162⅛	102¾	115	85¾	139⅜	80⅞	148¾	131¾	141	7
Interborough Rap. Transit	..	..	..	..	53¾	9½	62	29	39¼	..
Kansas City Southern	50¼	21⅜	35⅛	13½	70½	13½	75	43	70⅜	..
Do Pfd.	75½	56	65½	40	73½	40	77	66½	†69½	4
Lehigh Valley	121¼	62½	87⅛	50⅜	137½	39½	116	84⅛	96	3½
Louisville & Nashville	170	121	141⅞	103	159⅛	84¾	159½	139⅜	141	7
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	56½	*¾	47⅜	30½	46⅛	..
Do Pfd.	*78¼	*46	*60	*6½	109½	*2	109	101½	104	7
Missouri Pacific	*77½	*21⅛	38½	19⅞	62	8¼	76¼	41⅞	70	..
Do Pfd.	..	..	64⅞	37½	118⅝	22¼	126	105	123	..
N. Y. Central	147¾	90⅜	114¼	62½	171½	64⅛	191½	156	174	8
N. Y., Chi. & St. Louis	109¾	[illegible]	90¾	55	201½	23¾	146	121¼	124¾	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	63⅜	9⅝	68⅜	54⅜	66⅛	2
N. Y., Ontario & W	55⅜	25⅛	35	17	41¾	14¼	39	24	26½	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	202	84¼	197	175	184	8
Northern Pacific	150½	101¾	118⅞	75	102⅛	47⅞	105½	92⅜	102¼	5
Pennsylvania	75⅝	53	61½	40¼	68	32¼	72½	61⅞	64⅜	3½
Pere Marquette	*36½	*15	38⅛	9½	140¾	12⅛	146	124⅞	139	‡6
Pittsburgh & W. Va	..	..	40⅜	17¾	174	21⅛	163	121¼	154¾	6
Reading	89⅝	59	115½	60⅛	123¾	51⅞	119⅜	94¼	103½	4
Do 1st Pfd.	46¾	41¼	46	34	61	32⅞	46	41½	†42	2
Do 2nd Pfd.	58¾	42	52	33¾	*65	32⅛	59⅞	44	†47¾	2
St. Louis-San Fran.	*74	*13	50½	21	117¼	10¾	122	109	117	‡7
St. Louis-Southwestern	40⅜	18½	32⅛	11	93	10⅞	122¾	67½	119	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	50⅛	11⅝	†17	..
Do Pfd.	56½	23½	58	15⅛	51½	3	38	17	†20	..
Southern Pacific	139⅛	83	110	75¾	126⅞	67½	131¼	117⅝	123	6
Southern Railway	34	18	36¾	12½	149	24¾	165⅝	139½	144⅛	8
Do Pfd.	86⅞	43	85¼	42	101⅛	42	102¼	96⅝	†98	5
Texas & Pacific	40½	10¼	29½	6½	103⅞	14	194⅝	99½	186	5
Union Pacific	219	137¾	164⅜	101¼	197¼	110	211⅜	186½	210¼	10
Do Pfd.	118½	79¾	86	69	85½	6¼	87¼	82¾	83	4
Wabash	*27⅞	*2	17½	7	81	6	96¼	51	79	..
Do Pfd. A	*61¾	*6⅛	60½	30⅞	101	17	102	88½	†92	5
Do Pfd. B	..	..	32⅞	18	98	12¼	99½	87	94	5
Western Maryland	*56	*40	23	9¼	67⅞	8	54¾	31¾	42¼	..
Do 2nd Pfd.	*88¼	*53½	*58	20	67½	11	54⅞	33½	43	..
Western Pacific	..	..	25½	11	47½	12	37½	28¼	†30½	..
Do Pfd.	..	..	64	35	86½	51½	62⅛	52½	56	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 11/7/28	Div'd $ Per Share
Adams Express	270	90	154½	42	210	22	410	195	354	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	14⅜	7½	8¾	..
Allied Chem. & Dye	..	..	..	..	169¼	34	240¾	146	231¾	6
Do Pfd.	..	..	..	..	124	83	125¾	120½	122	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	118¾	26½	141½	115⅛	133	6
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	23¼	15⅝	18½	..
Do Pfd.	105	90	103½	89⅛	103	18	76½	55⅝	66½	..
Am. Beet Sugar	77	19¾	108½	19	103¾	15⅛	24½	14¾	19¾	..
Am. Bosch Magneto	..	..	..	..	143⅞	13	41	15⅜	36	..
Am. Can	47⅜	6⅞	63½	19¼	*344½	*21¾	113⅝	70½	110	2
Do Pfd.	129¼	98	114½	80	141¾	72	147	136¾	†141	7
Am. Car & Foundry	76½	36½	98	40	*201	97½	111½	88¼	93⅛	6
Do Pfd.	124¾	107½	119½	100	134¾	105¾	137½	110⅝	†118	7
Am. Express	300	94¾	140½	77½	183	76½	287	169	285	6
Am. Hide & Leather	10	3	22¼	2½	43⅛	5	15⅝	8¼	†8⅛	..
Do Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	67⅜	31	31	..
Am. Ice	..	..	49	8⅞	*139	25¾	46⅜	26	41½	‡2
Am. International	..	..	62¾	12	132¼	17	127½	71	122⅞	2
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	147	86½	143	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	115	87	96	8
Do Pfd.	122	75	109	93	127	96½	134	103¼	109½	7
Am. Metal	..	..	..	..	67⅜	36⅛	53⅜	39	51⅜	3
Am. Radiator	*500	*200	*445	*235	*345	64	176	130⅛	174	5
Am. Safety Razor	..	..	..	..	76¾	*3½	75	56	72	‡4
Am. Ship & Commerce	..	..	..	..	47½	2½	6⅛	3½	4	..
Am. Smelt. & Ref	105½	56⅝	123¾	50¼	183¾	29¼	275¾	169	273	8
Do Pfd.	74½	24⅛	95	44	133	18	142	131	138	7
Am. Steel Foundries	116¾	98⅛	118⅞	97	122⅜	41½	70⅜	50⅛	58¼	3
Do Pfd.	..	..	..	..	115	78	115	109	†110¾	7

Price Range of Active Stocks

INDUSTRIALS—(Continued)

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 11/7/28	Div'd $ Per Share
Am. Sugar Refining	136⅝	99⅞	126½	89⅛	143⅜	36	81	55	75¼	..
Do Pfd.	133½	110	123½	106	1:9	67½	110½	100	106¾	7
Am. Tel. & Tel.	153⅜	101	134½	90⅝	185½	92⅛	211	172	188⅝	9
Am. Tobacco	*530	*200	*256	*123	*314½	82½	176	152	170¼	8
Do Com. B	..	..	..	..	*210	81¼	177	152	171½	8
Am. Water Works & Elec.	..	..	..	..	*144	*4	70¾	52	61	‡1
Am. Woolen	40⅝	15	60⅞	12	169½	16½	25	14	23⅜	..
Do Pfd.	107¾	74	102	72½	111⅞	46⅞	62¼	39	54¾	..
Anaconda Copper	54⅝	27½	105⅝	24¼	77⅞	28½	97¾	53¾	97½	4
Associated Dry Goods	..	..	28	10	140½	39½	53¼	40½	51⅞	2½
Do 1st Pfd.	..	..	75	50½	112	49⅞	113⅞	99½	†101	6
Do 2nd Pfd.	..	..	49½	35	114	38	119½	106¼	†107	7
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	59⅞	37⅛	49⅞	..
Do Pfd.	32	10	74¾	9⅞	76½	6¾	65¼	38	63⅛	3
Atlantic Refining new	..	..	..	..	*1575	78½	63¼	54¼	†58⅞	..
Austin Nichols	..	..	..	..	40⅜	4¼	9¼	4	6¾	..
Do Pfd.	..	..	..	..	95	23½	39	25	†31	..
Baldwin Locomotive	60¾	36½	154½	26⅝	265¾	62¼	285	235	†233¾	7
Do Pfd.	107½	100¼	114	90	125¼	92	124¾	115	117½	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	72½	51⅞	68	..
Do 7% Pfd.	80	47	186	68	108	78	125	116⅛	120	7
Brooklyn Edison Electric	134	123	131	87	225	82	272¼	206¾	†268	8
Brooklyn Union Gas	164½	118	138¾	78	157½	41	174¾	139	167	5
Burns Brothers	45	41	161½	50	147	76	127	93½	†124½	8
Do B	..	..	..	..	53	16¼	43⅜	15⅞	34	..
Butte & Superior	..	..	105¼	12¼	37⅞	6½	16¾	8¾	11⅞	2
California Packing	..	..	50	30	*179½	48¼	82⅝	68½	75¼	4
California Petroleum	72½	16	42⅝	8	*71⅞	15⅜	36	24	†31	1
Cerro de Pasco Copper	..	..	55	25	73½	23	106⅛	61½	104⅞	5
Chile Copper	..	..	39¼	11¼	44⅜	7	64¾	37⅜	64½	3
Chrysler Corp.	..	..	..	..	*253	38½	140½	54¾	126½	3
Coca Cola	..	..	..	..	177¾	18	180½	127	163½	6
Colorado Fuel & Iron	53	22½	66½	20½	96⅜	20	84½	52½	71⅜	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	133⅜	89½	131¾	5
Congoleum-Nairn	..	..	..	*184⅜	*184⅜	12½	31½	22	26½	..
Consolidated Cigar	..	..	..	..	87¼	11⅜	99	79½	93	7
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	83	74	82¼	3
Continental Can	..	..	*127	*37½	*131¾	34⅜	128⅞	80¼	117⅝	‡5
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	89⅜	64¾	86⅛	‡2
Do Pfd.	98½	61	113½	58⅛	142¼	96	146¾	138½	†141½	7
Crucible Steel	19⅝	6½	109⅞	12¼	*278½	48	93	69¼	78½	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	4⅞	7⅛	4⅜	5	..
Do Pfd.	..	..	100½	77¼	87	13⅛	32⅜	13¾	15¾	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	24¼	16⅛	16⅞	1
Cuyamel Fruit	..	..	..	..	74½	30	63	49	61	..
Davison Chemical	..	..	..	..	81¼	20⅜	66¾	34⅜	59¼	..
Dupont de Nemours	..	..	..	..	*360	105	442	310	437½	‡10
Eastman Kodak	*No Sales		*605	*690	*690	70	194¼	163	183⅞	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	91⅞	69	90¼	5
Endicott-Johnson	..	..	..	..	150	44	85	75¼	76⅞	5
Do Pfd.	..	..	..	..	125	84	127	121¼	†125	7
Fisk Rubber	..	..	..	..	55	5½	17¾	8⅞	11⅞	..
Do 1st Pfd.	..	..	..	..	116½	38⅛	97¾	54	60	..
Fleischmann Co.	..	..	..	..	*171½	46⅛	89⅜	65	82⅝	‡3
Foundation Co.	..	..	..	..	183¾	35½	55¾	36½	†38½	..
Freeport-Texas	..	..	70⅛	25¾	106½	7½	109¼	43	46¾	‡4
General Asphalt	42⅞	15½	39⅜	14¼	160	28	94⅞	63	73⅜	..
General Cigar	..	..	..	..	*115¼	46	75⅜	59⅛	60¼	4
General Electric	188½	129¾	187¼	118	*386½	81	175	124	170⅜	‡4
General Motors	*51¾	*25	*850	*74½	*282	*8⅛	224¾	130	220¾	‡5
Do 7% Pfd.	..	..	..	125¾	125¾	95⅛	127½	123½	125	7
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	96½	17	99⅜	68½	80⅞	4
Do Pfd.	109¾	73⅜	116¾	79⅞	111½	62½	115⅜	109½	111⅜	7
Goodyear T. & R.	..	..	..	..	72½	5	98⅞	45⅛	78¾	..
Do Pfd.	..	..	..	..	99⅛	92½	101¾	92½	100	7
Granby Consolidated	78¼	26	120	58	80	12	83½	39⅛	83½	4
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	18	33⅜	19¼	29	2¾
Gulf States Steel	..	..	137	58¾	1·4⅝	25	73⅞	51	67	1
Houston Oil	25½	8	86	10	175¾	40½	167	119	134	..
Hudson Motor Car	..	..	..	..	139½	19½	99⅞	75	83⅜	5
Hupp Motor Car	..	..	11	2½	36¼	4⅝	81½	29	72½	‡2
Inland Steel	..	..	..	..	62⅜	31⅛	74½	46	71½	‡2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	20¾	32¾	18	32¼	..
Inter. Business Mach.	..	..	52⅝	24	*176¼	28¾	150¾	114	147¼	5
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	74¼	45¼	67¾	2
Inter. Harvester	..	..	121	104	255⅝	66¾	328¾	224¾	319½	‡6
Inter. Mercl. Marine	9	2⅛	50⅝	⅝	67¾	3½	7⅜	3¾	5⅜	..
Do Pfd.	27⅝	12½	125⅝	8	128½	18½	44⅝	34⅛	37¾	..
Inter. Nickel	*227¼	*135	57½	24½	89½	24¼	196	73⅝	192½	3
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	86⅜	50	55¼	2.46
Kelly-Springfield Tire	..	..	85	36⅞	164	9	25	19¾	20⅝	..
Do 8% Pfd.	..	..	101	72	110	33	91⅜	55¼	89⅞	..
Kennecott Copper	..	..	64¼	25	90⅜	14⅝	140	80⅛	140	6
Kinney (G. R.) Co.	..	..	..	..	103	19¾	56¾	37⅞	51⅜	..
Lima Locomotive	..	..	..	..	76⅜	49	65⅞	38	†42	..
Loew's, Inc.	..	..	..	..	63⅞	10	77	49⅛	61⅜	‡2
Loft, Inc.	..	..	..	..	28	5	19⅜	5¾	10⅜	..
Lorillard (P.) Co.	*215¼	*150	*239⅞	*144½	*245	23½	46⅞	23¾	27⅞	..
Mack Trucks	..	..	..	..	242	25½	107⅞	83	96	6
Magma Copper	..	..	..	..	58¾	26⅛	64¼	43¾	63½	3
Mallinson & Co.	..	..	..	..	45	8	37½	16	35¼	..
Maracaibo Oil Explor.	..	..	..	..	37½	12	25½	12½	19½	..
Marland Oil	..	..	..	..	63⅜	12⅛	47⅜	33	46½	..
May Department Stores	*88	*65	*97½	*35	*171¾	*60	89¾	75	86⅝	4
Mexican Seaboard Oil	..	..	..	..	34½	3	42⅜	4⅝	41⅞	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	26⅞	17¾	26⅜	1½
Montgomery Ward	..	..	..	..	123⅛	12	352	117	349	‡4
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	184	159½	171¾	‡6
National Dairy Prod.	..	..	..	..	81⅞	30⅛	119¾	64½	115⅞	‡3
National Enam. & Stamp	30¼	9	54½	9	89½	18½	48⅞	23¼	48	..

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New York Stock Exchange

Price Range of Active Stocks

INDUSTRIALS—(Continued)

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1927		1928		Last Sale	Div'd
	High	Low	High	Low	High	Low	High	Low	11/7/28	$ Per Share
National Lead	91	42⅛	74⅝	44	*202¾	63½	136	115	120	5
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	50½	39⅞	42	3
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	64¼	47	†48	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	79⅞	58⅝	79½	§10%
Do Pfd.	..	..	..	..	55	31⅞	55⅝	51	53	3
Packard Motor Car	..	..	..	..	62	9⅞	100⅜	56¼	95⅞	‡3
Pan.-Am. Pet. & Trans	..	..	70¾	35	140¼	38⅛	55	38¼	54½	..
Do Class B	..	..	..	..	111¾	34⅛	58⅞	37¾	57½	..
Paramount-Fam. Players Lasky	..	..	..	..	127½	40	51½	47¼	50⅜	..
Philadelphia Co.	59	37	48⅞	21½	153⅛	26½	174¾	145	†158	6¼
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	39¾	27⅜	32⅜	..
Phillips Petroleum	..	..	..	..	69⅝	16	48¾	35¼	47⅝	1⅛
Pierce-Arrow	..	..	65	25	99	6⅛	27⅝	18½	21⅛	..
Do Pfd.	..	..	109	88	127¼	13½	71	56½	62	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	29	55	36⅛	51	..
Postum Co.	..	..	..	..	*134	*47	74¼	61⅜	68	3
Pressed Steel Car	56	18½	88	17¼	113¾	34⅛	33½	18	23	..
Do Pfd.	112	88½	109⅛	69	106	67	93½	70	77½	7
Pub. Serv. N. J.	..	..	..	..	*98⅞	*29	71⅜	41½	69⅝	3
Pullman, Inc.	200	149	177	106½	199½	*87¼	94	77⅞	82	4
Punta Alegre Sugar	..	..	51	29	120	24¾	34⅞	19	20¾	..
Pure Oil	..	..	143⅞	81⅞	61⅞	16¼	28½	19	27⅞	1
Radio Corp. of America	..	..	..	..	101	25⅞	245	85¼	230½	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	91⅞	49⅛	80	4
Do Pfd.	111¼	64½	112⅝	72	106¾	74	112	102	108	7
Royal Dutch, N. Y.	..	..	86	56	123⅜	40⅜	64	44⅝	61½	3.13
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	49⅛	37	41½	2
Schulte Retail Stores	..	..	..	..	*137⅞	47	67⅛	49⅞	54¼	‡3½
Sears, Roebuck & Co	*124¾	*101	*233	*120	*243	51	162¾	82⅛	156	‡2½
Shell Trans. & Trading	..	..	..	..	90¼	29½	52⅛	39¾	†55⅞	2.42
Shell Union Oil	..	..	..	..	31¾	12⅛	35	23¼	34⅞	1.40
Simmons Company	..	..	..	..	64¾	22	93⅞	55¾	91½	3
Simms Petroleum	..	..	..	..	28½	6½	26	18⅛	25¾	1.60
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	44⅜	17⅜	43¼	..
Skelly Oil	..	..	..	..	37⅛	8⅝	39	25	38⅝	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	148⅛	32⅛	134	102	†110	6
Standard Oil of Calif.	..	..	..	..	*135	47½	65⅞	53	64⅞	‡2½
Standard Oil of N. J.	*488	*322	*800	*355	*212	30⅞	52⅛	37¾	51⅞	‡1
Stewart-Warner Speed	..	..	*100½	*43	*181	21	112	77¼	107	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	74¾	44	60½	2
Studebaker Company	49½	15¾	195	20	*151	30½	87½	57	78¼	5
Do Pfd.	98⅛	64½	119⅛	70	125	76	127	121½	†125	7
Tennessee Cop. & Chem	..	..	21	11	17¼	6¼	17⅜	10½	17	1
Texas Company	144	74½	243	112	58	29	72¾	50	70	3
Texas Gulf Sulphur	..	..	..	..	*184	32⅝	80⅝	62⅛	72⅞	4
Tex. & Pac. Coal & Oil	..	..	..	..	*275	12	24⅞	12⅛	24⅞	..
Tide Water Oil	..	..	225	165	*195	5½	36	19⅝	35	.80
Timken Roller Bearing	..	..	..	..	142⅛	28½	153	112⅝	153	‡4
Tobacco Products	145	100	82⅜	25	117⅝	45	118⅛	93	107⅞	8
Do Class A	..	..	..	..	123⅞	76	128	109⅞	117	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	10⅛	6¾	9¼	..
Union Oil of Calif	..	..	..	..	58⅝	33	57	42¾	53⅜	2
United Cigar Stores	..	..	*127⅞	*8¾	*255	42⅛	34⅝	22⅞	27	1
United Fruit	208½	126⅛	175	105	*294	95¾	146¼	131⅛	149	‡4
U. S. Cast I. Pipe & F	32	9¼	31⅞	7¾	250	10½	300	190⅛	250	10
Do Pfd.	84	40	67½	30	125	38	137	115	†120	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35½	138	102⅛	125⅛	5
U. S. Realty & Imp	87	49¾	63¾	8	*184½	17	93⅝	61¼	80	4
U. S. Rubber	59½	27	80⅛	44	143¾	22½	63¼	27	39¾	..
Do 1st Pfd.	123⅛	98	115⅛	91	119½	66⅛	109⅜	55	69	..
U. S. Smelt., Ref. & M'n	59	30⅜	81½	20	78¼	18⅜	60⅜	39⅛	59	3½
U. S. Steel	94⅞	41¼	136⅝	38	160½	70¼	166⅛	132⅜	162⅛	7
Do Pfd.	131	102⅛	123	102	141¼	104	147¼	138⅝	141½	7
Vanadium Corp.	..	..	..	..	97	19⅛	96	60	87⅞	‡3
Western Union	86¼	56	105⅛	53⅜	176	76	201	139⅛	188⅞	8
Westinghouse Air Brake	141	132½	143	95	*198	40	57⅜	42⅛	46⅜	2
Westinghouse E. & M.	45	24¾	74⅞	32	94¾	38⅞	116⅛	88⅛	115¾	4
White Eagle Oil	..	..	..	..	34	20	30¼	20⅛	30⅛	2
White Motors	..	..	60	30	104½	29¼	43¾	30¼	37	1
Willys-Overland	*75	*50	*325	15	40¼	4½	32⅛	17⅜	28¼	1.20
Do Pfd.	..	..	100	69	123⅞	23	101⅛	92¾	†97½	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	16	11	11½	..
Woolworth (F. W.) Co.	*177⅞	*76⅛	*151	*81½	*345	72⅛	223	175⅛	222⅞	5
Worthington Pump	..	..	69	23⅛	117	19	44	28	38⅛	..
Do Pfd. A	..	..	100	85⅞	98½	44	61	46¼	†56	..
Do Pfd. B	..	..	78⅜	50	81	37	52	41	47	..
Youngstown Sh. & Tube	..	..	..	..	100⅛	59⅜	106⅞	83½	93½	5

† Bid price. ‡ Not including extras. § In stock. * Old stock.

Securities and Commodities Analyzed, Rated and Mentioned in This Issue.

INDUSTRIALS

BONDS

PETROLEUM

MINING

RAILROADS

PUBLIC UTILITIES

COMMODITIES

PENNSYLVANIA RAILROAD

(*Continued from page* 121)

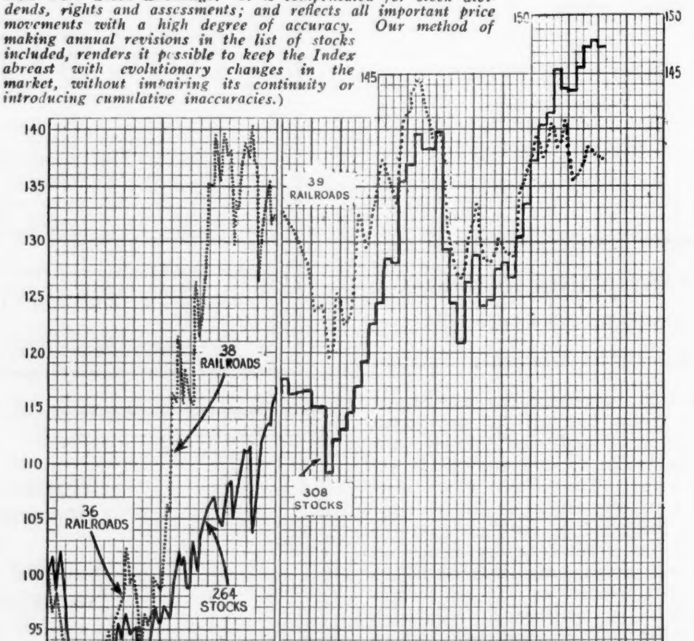
is expected to reduce the number of freight trains by half for any given car movement and also increase the speed of traffic to any reasonable extent desired. The effect of the electrification improvement on future earnings is indicated in the fact that the reduction in freight trains mentioned above will increase the capacity of the lines by 100% in as far as freight movement is concerned. Through standardization of equipment, manufacturing costs and replacements will be held down to a minimum. In addition to these direct benefits to the company, the service which it will be able to provide for both freight and passenger branches should be vastly improved over the existing service, already at a high standard in terms of present transportation ideas.

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low	Recent Indexes Oct. 27	Recent Indexes Nov. 3	1927 Indexes (264 Issues) Close	1927 Indexes (264 Issues) High	1927 Indexes (264 Issues) Low
308	COMBINED AVERAGE	148.0	103.2	148.0H	147.5	116.3	116.3	95.7
39	Railroads	144.6	119.5	137.9	137.4	132.0	140.2	98.5
2	Agricultural Implements	420.6	280.5	411.6	420.6h	300.0	(Begun	1928)
2	Alcohol	177.6	135.1	168.0	162.5	172.1	175.3	82.1
12	Automobile Accessories	174.6	86.4	167.3	165.5	91.6	96.8	75.6
17	Automobiles	122.6	79.0	117.8	113.5	89.8	89.8	70.1
2	Baking (1926 Cl.—100)	76.9	51.5	76.9h	73.6	69.4	100.6	53.0
2	Biscuit	242.4	169.7	217.7	216.3	187.0	(Begun	1928)
4	Business Machines	208.9	153.7	205.3	206.0	159.1	160.2	108.5
2	Cans	176.8	117.2	170.4	170.2	119.9	119.9	77.3
4	Chemicals & Dyes	234.9	158.5	234.9h	230.9	166.1	168.9	132.0
2	Coal	108.0	81.8	93.5	92.0	[illegible]	(Begun	1928)
12	Construction & Bldg. Material	119.3	94.4	117.5	118.3	99.5	101.3	78.9
12	Copper	244.1	159.8	244.1H	238.6	177.8	179.5	105.9
2	Dairy Products	132.5	68.1	113.9	109.0	70.4	80.0	59.8
3	Department Stores	78.9	62.9	77.0	77.4	68.0	86.0	64.5
7	Drugs & Toilet Articles.......	201.3	157.2	194.5	197.1	162.0	171.2	147.3
5	Electric Apparatus	153.1	125.6	147.4	145.6	[illegible]	129.6	97.6
3	Fertilizers	99.4	78.4	91.2	91.6	84.0	85.7	47.8
2	Five & Ten Cent Stores.......	117.2	98.0	113.8	117.2h	106.8	111.5	69.6
3	Furniture	150.4	110.2	149.4	150.4H	127.4	127.4	89.1
5	Household Appliances	112.7	87.5	96.2	100.1	97.0	(Begun	1928)
2	Mail Order	351.2	147.9	347.1	342.1	149.3	152.3	82.8
4	Marine	96.5	66.8	78.9	77.3	74.9	113.4	69.5
5	Motion Pictures	237.7	98.3	213.8	226.8	102.9	120.3	96.8
36	Petroleum & Natural Gas.....	154.3	86.1	153.6	154.3H	95.6	103.5	86.9
17	Public Utilities	176.9	127.9	172.5	176.9H	129.5	132.5	93.1
10	Railroad Equipment	128.9	112.1	115.9	116.9	128.9	128.9	100.3
2	Restaurants	130.4	89.8	127.5	122.4	104.0	(Begun	1928)
2	Shoe & Leather	231.4	138.3	174.8	175.1	138.3	152.3	69.8
2	Soft Drinks (1926 Cl.—100)...	214.0	152.9	207.5	198.7	152.9	(Begun	1928)
11	Steel & Iron	131.4	86.3	130.8	130.0	88.7	92.0	74.8
6	Sugar	93.7	72.8	74.2	73.6	89.5	112.7	76.9
2	Sulphur	386.9	256.5	260.2	256.5 l	381.7	381.7	166.1
2	Telephone	147.6	120.8	137.9	141.2	133.8	127.1	104.6
4	Textiles	113.0	78.6	113.0H	107.6	79.0	106.5	71.9
7	Tire & Rubber	99.6	61.5	76.4	77.0	96.6	97.8	64.4
8	Tobacco	195.0	167.8	181.1	183.5	190.3	193.6	159.9
4	Traction	150.4	103.8	115.9	114.5	107.6	130.0	107.6
42	Unclassified (1927 Cl.—100)...	128.8	98.2	125.2	123.5	100.0	(Begun	1928)

H—New HIGH record since 1925.
h—New HIGH record this year. l—New LOW record this year.

(An unweighted Index of weekly closing prices specially designed for investors. The 1928 Index includes 308 issues, distributed among 38 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)



ANSWERS TO INQUIRIES

(*Continued from page* 138)

strenuous efforts of the management to effect operating economies and stimulate the sale of the company's products by extensive advertising. Net profits reported for the 17 weeks ending with October 20, 1928, equalled, after all prior charges, including depreciation and dividends on the 8% preferred stock, $2.03 per share on the class A common stock. This compares with $1.58 per share in approximately the same period of 1927. For the first 42 weeks of the current year total earnings applicable to class A shares were equal to $2.33 per share and while the results are not as favorable as in the same period of 1927, it, nevertheless, appears that the downward trend which was in evidence throughout the earlier weeks of this year, has been arrested. The remaining weeks in the year are generally conceded to be the most profitable for the industry and it is therefore apparent that the preferred dividends will be covered by a comfortable margin, leaving a satisfactory balance for the class A shares. On the other hand, competition in the baking industry remains exceedingly keen and pending further evidence of sustained improvement neither the class A or class B shares can be regarded as other than speculative holdings. In justice to the company, however, it cannot be denied that progress is being made in eliminating the difficulties which have been experienced in the past, and with earnings showing distinct evidence of improvement, we feel fully warranted in advising present shareholders to retain commitments in anticipation of further improvement and market price recovery. The resumption of dividends on the class A shares, however, will depend largely on the rapidity of improvement in earnings and to what extent the management may deem it advisable to conserve cash resources for the purpose of carrying out the present campaign of sales promotion.

AMERICAN TOBACCO

When is a split-up likely to be made in the common stock of American Tobacco? I have read that the earnings for 1928 will exceed even the record earnings of 1927. Can patient stockholders hope to share in these increased profits before long? Is the end of the cigarette price war in sight?—I. O. R., Minneapolis, Minn.

For the past year, the American Tobacco Company has practically concentrated its efforts on the sale of its chief brand of popular priced cigarettes, "Lucky Strikes," with conspicuously favorable results. Detailed information bearing on earnings thus far in the current year is not available but it was officially stated that sales and profits, notwithstanding a sharp reduction in wholesale cigarette prices earlier in the year, established a new high record in the first six months of the year. Through the medium of a nation-wide advertising campaign and

radio broadcasting designed to appeal both to men and women, sales have apparently been stimulated to an extent more than sufficient to offset the lower margin of profit. In 1927, earnings were equivalent to $10.29 per share on 1,952,884 shares of combined common and class B common stock. Financial position at the close of last year was exceptionally strong with working capital in excess of 103 millions and cash alone equal to nearly twice current liabilities. In the light of the favorable earnings indicated for the current year profit and loss surplus at the end of 1928 will, in all probability, exceed 45 millions, a fact which, when viewed in conjunction with the company's excellent financial position, would seem to lend weight to the possibility of a split-up in the common stock, when directors so elect. In fact, it has been rumored that action involving a reduction of par value from $50 to $25 and a distribution of two shares of stock for each share held is contemplated. On the basis of the company's earnings in the past several years, dividends on the new stock may possibly be inaugurated at the rate of $5 per share or the equivalent of $10 per share on the present stock. Another rumor which tends to inspire a measure of confidence is to the effect that the cigarette prices prevailing at the beginning of 1928 will again be restored in the not distant future. We regard the shares as having excellent merit for the longer pull and feel certain that employment of reasonable patience will produce entirely satisfactory results.

GREAT NORTHERN RAILWAY

In September I paid $106 a share for Great Northern Railway, Pfd., on the basis of prospects for a higher dividend rate in the near future. Now I notice that considerable wage increases are going into effect on this road. I should think that this action would decrease earnings and am wondering whether I should sell my stock. What is your opinion?—V. L. J., Chicago, Ill.

There are several outstanding points in connection with the shares of Great Northern Railway, so-called preferred stock which, in our judgment, justify a wholly constructive attitude. The shares are of recognized investment character, affording sound protection for the funds of a conservative investor and yielding a fair income return. Moreover, the longer range possibilities for market price enhancement do not seem to be attended by the same degree of speculative risk as in the more volatile industrial issues. On the basis of reported earnings covering operations in the first nine months of the current year, earnings on the stock for the full year should slightly exceed $10 per share, not including the road's equity in the undistributed earnings in the Chicago, Burlington & Quincy, likely to equal an additional $1.50 or more per share. The higher transportation costs resulting from increased wages will amount to less than $1 per share and this item seems relatively unimportant. A large write-off in connection with the abandonment of certain mileage, following the opening of a new eight-mile tunnel may possibly

be charged against income account in the current year, depending upon the decision of the I. C. C. in this connection, which would have the effect of reducing per share earnings to about $6, but this does not detract from the fact that earnings are running at the rate of $10 per share and would justify an upward revision in the present dividend rate. No action in that respect, however, is likely to be taken pending a decision in connection with the proposed consolidation with the Northern Pacific and Chicago, Burlington & Quincy. From the foregoing, it seems logical to conclude that retention of present holdings is advisable at the present time and moreover, we are of the opinion that shares would offer strong resistance to any technical reaction in the general market which might be witnessed later on.

GENERAL RAILWAY SIGNAL

What are the prospects for the General Railway Signal Company? I understand that due to greatly improved earnings anticipated for the last half of this year the $5 dividend paid on the common is generally regarded as safe. Does it appear as if 1929 earnings may exceed the $11.61 total earned in 1926. I have a big loss on this stock and would like to know what to do with it—hold or close out.—J. P. D., Manchester, N. H.

General Railway Signal functions as a producer of mechanical, electric and pneumatic railway block signal and interlocking equipment, train control systems, car retarders and other safety appliances, handling about one-half the domestic business in its field, as well as selling abroad. Reflecting a falling off in railroad earnings last year, accompanied by a slackening demand for the company's products, earnings receded sharply to $7.78 a share against $11.61 a share in 1926. Increased capacity necessary to handle the large volume of business enjoyed during 1926 has since proved something of a burden to the company through the subsequent slack period and with demand for specialty equipment continuing sluggish, earnings in the first six months of 1928 equalled only $1.85 a share contrasted with $5.27 a share in the first half of 1927. However, a moderate improvement was witnessed in the third quarter this year, so that net in the first nine months was sufficient to show a balance of $3.34 a share against $6.58 a share in the same period last year, and with unfilled orders at the beginning of the last quarter 29.7% above a year ago, it is likely that results for 1928 will cover dividends at the annual rate of $5 a share. It is expected that the Interstate Commerce Commission will soon report on the adequacy of existing automatic train control equipment, and should this result in an order for further installations earnings of the company should show an upward trend in ensuing months, although the greater portion of the benefits thus to be derived is likely to be reflected in 1929 returns. Any estimate of earnings for the coming year would, however, be somewhat premature. Meantime, with indications of expanding railroad earnings in ensuing months and the fact

(Please turn to page 157)

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. (4.50A)	176	181
Chase (18A)	595	600
Chatham & Phenix (16)	573	578
Chemical (24)	925	940
City (20A)	890	900
Commerce (18)	675	685
First (N. Y.) (100A)	4275	4325
Hanover (30)	1260	1300
Park (24)	680	688
Public (new) (4)	201	206
Seaboard (16)	790	805
TRUST COMPANIES		
Amer. Ex-Irving Tr. (14)	447	452
Bankers (30)	950	958
Bank of N. Y. & Trust Co. (18)	735	750
Brooklyn (30)	1225	1325
Central Union (35)	1680	1695
Empire (16)	451	460
Equitable (12)	456	461
Farmers' L. & T. (20)	780	790
Guaranty (16)	656	661
Manufacturers (new) (5)	236	240
New York (20)	770	778
United States Trust (70)	3200	3300
STATE BANKS (NEW YORK)		
Corn Exchange (20)	720	730
Manhattan Co. (16) ex rts	755	765
State (18)	722	732
United States (14)	670	680
INSURANCE COMPANIES		
Aetna Fire (24)	885	905
Aetna Life (12)	895	910
Fidelity-Phenix (2)	94½	95
Continental (2)	85	86
Glens Falls (1.60)	62	64
Globe & Rutgers (40)	2850	2925
Great American (1.60)	49	51
Hanover (1)	75	80
Hartford Fire (20)	840	855
Home (20)	595	610
Carolina (1.40)	58	63
Milwaukee Mech. (1.80)	47	50
National Fire (25)	1120	1160
Niagara (4)	135	140
North River (6)	335	350
United States Fire (2.40)	109	114
Stuyvesant (6)	300	310
Travelers (24)	1580	1610
Westchester (2.50)	100	103
SURETY AND MORTGAGE COMPANIES		
American Surety (11)	260	270
National Surety (10)	300	315
Lawyers Mortgage (14)	342	350
Mortgage Bond (8)	150	160
JOINT STOCK LAND BANKS		
Chicago	24	32
Dallas (8)	110	120
Des Moines	20	30
First Carolina (8)	..	60
Lincoln (6)	75	84
Southern Minnesota	5	15
Virginia (B)	1½	2½
INVESTMENT TRUST SHARES		
American Founders Trust com.	64¼	67¼
Do 6% Pfd.	44¾	47¾
Do 7% Pfd.	49¾	52¾
Diversified Trustees Shares	22⅝	23⅛
Do Series B	19⅝	20⅛
Financial & Industrial Sec. com.	130	132
Do Pfd.	110	113
Fixed Trust Shares	20	20¾
Insuranshares, B 1928	21	22
Interl. Sec. Corp. of Amer., B	32	35
Do A	57½	60½
Do 6% Pfd.	90	94
Oil Shares, Inc. (units)	73½	77
Second Intl. Securities	50⅛	53⅛
Do 6% Pfd.	43	46
Shawmut Bank	38⅛	40½
U. S. & British Internl. cft.	77½	81½
U. S. Shares, Series A-1	13¾	14
Do Series B	43	..

(A) Includes dividends from Securities Company. (B) Par $5.

IF it could be considered an open question that bank and insurance stocks are influenced in their price trend more by the movements of other securities on the stock exchange than by their own technical position and intrinsic values, the opponents of this view were furnished with a good deal of material to support their position during the past month. During October, junior share values, as expressed in the "averages" of stock exchange issues, advanced rather consistently—a movement that carried the various "indexes" to record figures. During this same period (and for the purposes of this summary the early weeks of November are also included) the bank and insurance stocks have been generally easier.

Apparently, the recovery from the summer slump in this market was a little too sharp, for there is no factor other than the technical position of the bank and insurance stock market to look to for an explanation of the softer trend of prices in the recent weeks. Bank earnings continue on a very satisfactory basis through the third quarter of the year. A tabulation of the earnings of fifteen of the leading metropolitan institutions show an increase averaging about 25% during the third quarter of this year, compared with the third quarter of 1927.

With a good final quarter in prospect as far as bank income is concerned, many of the local institutions will show earnings for the full year that compare favorably with any other previous period. And in the long run it is the earning power and the ultimate capitalization of surplus earnings that makes for real values in bank stocks. *National City Bank* heads the list with $5,034,600 earned in the 1928 quarter, compared with $4,140,400 in 1927; *Chase* comes next with $4,134,600, as compared with $2,914,500 in the same quarter of 1927; and *First National* shows $3,804,900 compared with $2,677,900. Outstanding among the smaller institutions is *Empire Trust* which shows a gain of approximately 70% in the third quarter.

There is not quite so much discussion at present of mergers, consolidations or capital increases with the valuable "rights" that result from the latter, as there was during the early part of the year This is one factor that accounts for the present lull in trading interest in the financial stocks A number of such developments are said to be in prospect next year, however, both in the bank stock and the insurance stock field. An important affiliation in the insurance field has recently been announced between *Home* and *National Liberty* groups.

(Continued from page 154)
that many roads have been ordering equipment voluntarily, realizing the savings possible in operating expenses, we are fairly optimistic regarding the company's reasonably near term prospects. We suggest retention of present commitments, pending developments.

VICTOR TALKING MACHINE

I contemplate the purchase of 200 shares of Victor Talking Machine. Would you recommend doing so at the current market level? Do you think the price of this stock will move up in anticipation of extensive Christmas buying?—L. K. P., Albany, N. Y.

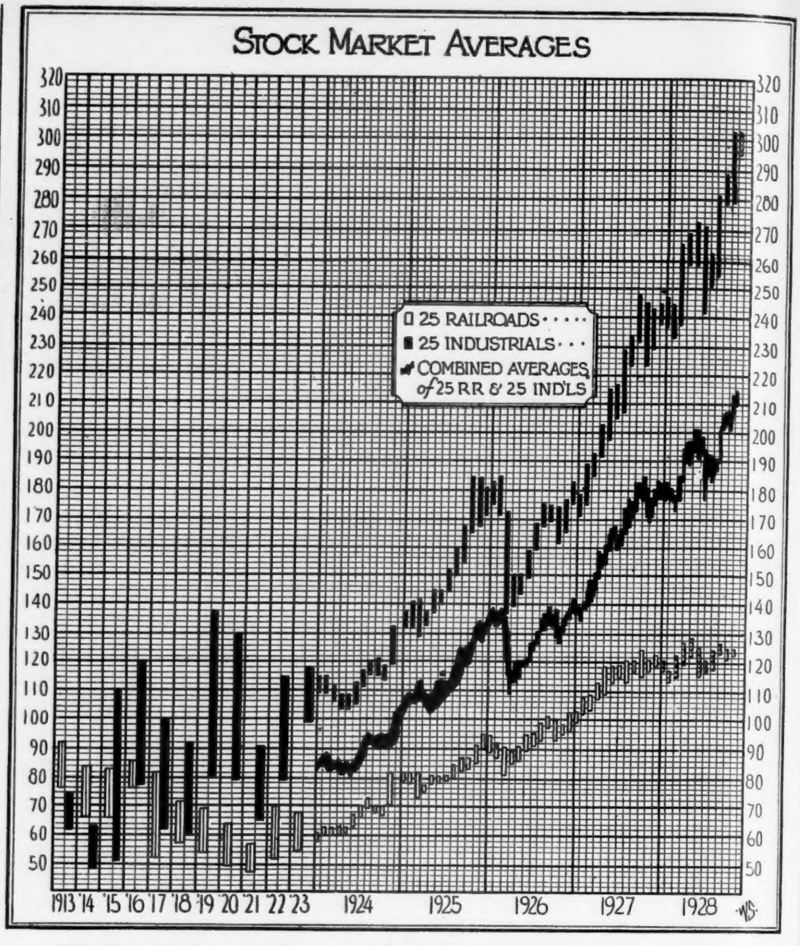
Victor Talking Machine ranks as a leading manufacturer of talking machines and records, the record of which has been one of profitable operations since inception in 1901, barring the year 1925 when a large deficit was incurred, due to serious inroads of the radio and the necessity of making large writeoffs for obsolete inventories, etc. Subsequently, however, by virtue of a close working agreement with the Radio Corp. of America in the manufacture of combination radio-phonograph instruments, expansion in earning power has been substantial, and the company is now developing a type of record adaptable for use with motion pictures, which holds promise of making important contributions to future income. Net in 1927 equalled $8.93 a common share against $10.16 a share in 1926, followed by $4.50 a share in the first nine months of 1928, not including undistributed equities in earnings of foreign affiliated companies. However, the closing months of the fiscal year are by far the most prosperous, and present estimates of earnings for the full 1928 year are placed at a figure to exceed $11 a share, assuming complete conversion of $6 preferred into common. Financial position is strong, and on the basis of the company's past record and indicated future expansion in earning power, the stock appears to offer interesting possibilities for the longer term holding.

MOTO METER

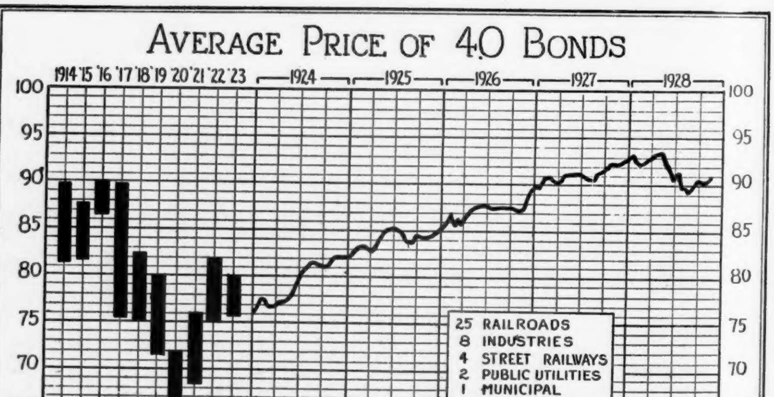
Has there been any definite decision rendered in the suit charging infringement of its patents which the Moto Meter Corporation brought against important automotive companies? What is the present outlook for Moto Meter company? I have 50 shares of the A stock at a cost of $36 a share.—T. B. K., Raleigh, N. C.

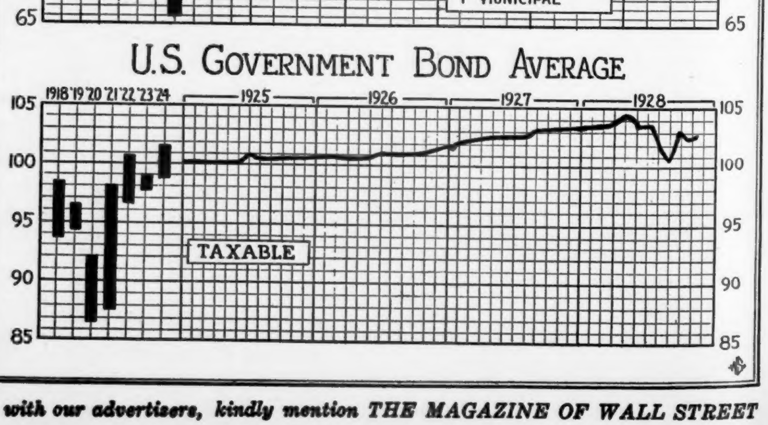
Reflecting a falling off in demand for the radiator cap type of motor meter and the tendency for many automotive companies to equip their cars at the factory with their own heat indicating devices, earnings of Moto Meter have ranged sharply lower in recent years. Some time since the company has instituted several suits charging infringement of patents, but definite decisions is this connection have not been forthcoming to date. Profits in 1927 were equal to only $3.60 a class A share against preferential annual dividends on that issue of the same amount, contrasted with $8.75 a share in 1926 and $8.97 a share in 1925. A further recession has been experienced in the current year, net income in the first

(Please turn to page 159)



Market Statistics Figures Will Be Found on Page 159





(*Continued from page* 157)
nine months, wholly applied to the class A, being equal to $2.80 a share, compared with $3.98 a share in the same period of 1927. However, profits in the third quarter this year equalled $1.05 a share, while net in the September quarter last year was only 70 cents a share, thus indicating some recovery in earning power, probably in reflection of increasing production of Ford, with which Moto Meter is understood to have a large contract. Nevertheless, while financial position remains comfortable, pending a distinct reversal in trend of profits the stock is likely to remain somewhat retarded, marketwise. On the other hand, the shares seem rather thoroughly liquidated at existing levels, and we believe retention justified, pending developments, rather than disposal at a sacrifice.

INTERNATIONAL BUSINESS MACHINES

Do you think that the current market value of International Business Machines has fully discounted the probability of a dividend increase to $6 at the meeting of directors scheduled for next month? Even if the dividend is raised, the yield at the prevailing price level will be less than 5%. I am seriously considering the acceptance of the profit which I have on this stock and transferring the funds into that of another progressive company. What do you recommend?—J. K. P., Indianapolis, Ind.

International Business Machines Corp., through subsidiaries, enjoys a virtual monopoly in the manufacturer of a wide line of tabulating machines, time and cost-keeping recorders, weighing machines and other office and business equipment. Earnings have shown consistent yearly expansion since the sub-normal industrial year 1921, profits in 1927 being equal to $7.67 a share against $6.51 a share in 1926, followed by $5.49 a share in the first nine months of 1928 compared with $4.86 in the same period last year. Net for the full 1928 year is estimated to equal between $8.50 and $9 a share, and by virtue of a strong financial position and steadily decreasing charges ahead of the stock, possibilities are for action in the not distant future regarding some upward revision in disbursements over the $5 a share annual dividend rate now prevailing. Expansion of activities in foreign fields countinues, and while the maximum benefits along that line still lie some distance ahead, these may be expected to find due favorable reflection in later income. On the basis of developed earning power to date and immediate possibilities the shares might be regarded as selling high enough, but in view of the company's strongly entrenched position, both financially and tradewise, and well defined prospects of future expansion in scope of operations and earning power, retention for the long pull should be productive of additional profit.

EASTMAN KODAK

I have a satisfactory profit in 100 shares of Eastman Kodak bought only last year at $130 a share. Would you advise accepting it? I

(*Please turn to page* 161)

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	20 Indus.	20 Rails	High	Low	Sales
Thursday, October 25	90.83	256.48	142.80	213.17	210.58	4,421,310
Friday, October 26	90.87	251.44	141.35	212.58	208.26	4,723,960
Saturday, October 27	90.84	255.51	141.91	210.75	209.16	1,732,710
Monday, October 29	90.84	257.13	142.94	213.03	210.40	3,770,570
Tuesday, October 30	90.71	253.70	142.09	212.34	209.57	3,483,770
Wednesday, October 31	90.71	252.16	141.66	210.89	207.82	3,629,240
Thursday, November 1	90.78	255.23	142.74	211.77	209.11	3,585,610
Friday, November 2	90.77	254.38	142.22	211.64	209.50	3,612,270
Saturday, November 3	90.78	254.16	142.20	210.96	209.86	1,415,090
Monday, November 5	90.77	257.58	142.99	212.54	209.90	3,842,109
Tuesday, November 6		HOLIDAY			HOLIDAY	
Wednesday, November 7	91.00	260.68	143.65	214.26	211.93	4,894,670

New York Curb Market

IMPORTANT ISSUES

Quotations as of November 7

Name and Dividend	1928 Price Range High	1928 Price Range Low	Recent Price
Albert Pick Barth wi.†	12⅛	8	8
Aluminum Co. of Amer.	197¾	120	137
Aluminum pfd. (6)	110¼	105⅛	107
Amer. Cigar (8)	162½	125	145
Amer. Cyanamid "B" (1.40)	53½	30⅝	39¼
Amer. Cyanamid pfd. (6)	103	95	99
Amer. Gas Elec. (1)‡	186½	117½	185
American Rayon Products	24	13	19⅛
Amer. Super Power A (1.2)†	56	33⅝	48⅞
Assoc. Gas Elec. "A" (2¼)	56¾	47	48½
Celotex Co. (3)	69¾	49	70⅞
Centrif. Pipe (0.60)*	12½	8¼	9⅛
Cities Service New (1.2)†	72½	54	72½
Cities Service Pfd. (6)†	103½	94½	99¾
Cons. Gas of Balt. (3)	92⅞	67½	87
Consolidated Laundries (2)*	22⅜	14	20⅝
Durant Motors†	18⅞	9⅛	16½
Elec. Bond Share (1)†	139½	76	125¾
Elect. Investors† (3.50 stk.)	79⅞	40⅛	72¼
Fajardo Sugar (10)	165½	116	120
Ford Motor of Canada (15)	698	510	613
General Baking*	17	6½	9½
General Baking Pfd.*	86	73⅝	76¾
Glen Alden Coal (10)†	169	143¼	150
Gulf Oil (1.5)†	148½	101½	141
Happiness Candy Stores (50)	9⅜	5⅜	5⅛
Hecla Mining (0.60)	18	13	16⅞
Hygrade Food Products	71	25⅛	49
International Utilities B	19½	6¾	16⅜
Land Co. of Florida†	25	10⅛	13
Lion Oil Refining (2.25)*	43⅜	20	39¾
Lone Star Gas (2)	59⅞	48⅛	59½
Metro Chain Stores	73	54	70⅜
Mountain Producers (2.60)†	28⅞	21⅝	21⅞
National Fuel Gas (1)	30½	24¾	27
New Mex. & Arizona Land†	11⅜	7⅛	7⅝
New Jersey Zinc (12)	260	180¼	230
Nipissing Mining (30c)*	5⅞	2⅜	3
Phelps Dodge (6)	199½	117	192
Puget Sound P. & L.†	107¾	34⅝	100⅛
Salt Creek Producers (3)†	35	23½	24¾
So'east Pwr. & Lt. (1)	61	40⅝	55¼
So'east Pwr. & Lt. Pfd. (4)	92	84	89⅛
Stutz Motors*	34½	14⅛	33
Tobacco Products Export†	4⅝	3	3½
Transcontinental Air Trans.	35½	17¾	19
Trans Lux	7	2¼	5¾
Tubize Artif. Silk† (10)	630	450	565
Tung-Sol "A" (1.80)	29⅞	19⅝	26½
United Gas & Improvem't (4)	156	111¼	154⅞
U. S. Gypsum (1.60)	100	53⅝	66⅛
STANDARD OIL STOCKS			
Continental Oil	23	16	18⅜
Humble Oil (1.6)†	99	59¼	99
International Pet. (.75)	55	35	53½
Ohio Oil (2.75)	68¼	58½	66
Prairie Oil & Gas†	56¾	46	55¼
Standard Oil of Ind. (3.5)†	85¾	70⅞	85¼
Vacuum Oil (3)†	91⅞	72	91

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

THE result of the election, assuring a continuance of the present Republican administrative policies, was a signal for a powerful buying movement in which practically all classes of stocks were active participants. Particular strength was evident in public utility issues, since the President-elect's attitude, favoring private ownership, is regarded as constructive to electric light and power development. There was little that occurred during the past fortnight which might have been construed in an unfavorable light and even before the outcome of the election was certain the market gave every indication of moving higher. The call loan rate hovered between 6 and 7% throughout the greater part of the period, the supply of money being plentiful.

A vigorous demand developed for oil shares in response to the more encouraging outlook in the industry. Trading in this group was of huge proportions, with striking gains recorded in the Standard Oil stocks. *Humble Oil* was easily the feature, running up 14 points to 99, a new high for the year. *Vacuum Oil, International Petroleum, Gulf Oil of Pennsylvania* and *Standard Oil of Indiana* were also notably strong. The oil industry, despite the high level of crude production, appears to be in a decidedly improved position and an advance in the price of light crude is considered very likely within the near future.

Among the public utilities *Electric Bond and Share*, in view of its leading position in the industry, was the center of buying, advancing 15 points to around 130. *American Gas & Electric* and *United Gas Improvement* were also well bought, pushing forward 5 and 10 points respectively. With Governmental jurisdiction likely to prove less of a hindrance, rapid strides should be made in regard to expansion and unification, and those companies which are well situated will continue to reap further benefits through increased earnings.

Industrials also made good progress on the upside, although, with a number of exceptions, the majority of them failed to make any impressive headway. *Stutz Motors* and *Ford Motor of Canada* were strong, the former making a new high for the year. A 16-cent level for copper was reflected in spirited buying of mining stocks.

(*Continued from page* 159)

understand that Eastman plans very shortly to introduce a new talking movie to be distributed through the Radio Corporation. What is this new project likely to mean to Eastman stockholders?—J. C. T., Great Falls, Mont.

Eastman Kodak ranks as the leading manufacturer and distributor of photographic equipment and supplies, including motion picture film, the earning power of which has shown consistent expansion over a long term of years. Earnings in 1927 equalled $9.61 a common share against $9.50 a share in 1926, and while definite figures covering operations in the current year is not yet available, a further gain in net over 1927 is looked for. The company is constantly adding new lines resulting in a wider diversification in sources of income, which has contributed materially to the steady upward trend in profits. More recently it is reported that the enterprise is about to announce the introduction of a new talking movie to be distributed through the Radio Corp. of America, it being understood that the new devices will be placed on the market before Christmas. The Eastman Theatre, a gift of the founder of the company to the University of Rochester, already has a franchise for the new Radio-Keith-Orpheum photophone, which is expected to be in operation soon, and while definite information is not forthcoming it is believed the new Eastman patents will cover the film rights for Radio Corporation's sound film system, the Photophone. A constantly broadening adaptation of the company's products for use in educational circles also holds forth interesting future possibilities. Financial position is impregnable, and although present prices of the stock represent considerable discount of near term prospects, we are confident patient shareholders will be well rewarded.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$3.00	Amer. Metal Co.....	$0.75	Q	11-20	12-3
3.48	Bangor & Ar'st'k com.	.87	Q	11-30	12-31
—	Beech-Nut Packing ..	.60	ext	11-24	12-10
4.00	California Pack. Corp.	1.00	Q	11-30	12-15
4.00	Cal't & Hecla Cons.	1.00	Q	11-30	12-15
3.00	Chic. & Yellow Cab..	.25	M	11-20	12-1
2.40	Childs Company com.	.60	Q	11-23	12-10
9.00	Delaw. & Hudson Co.	2.25	Q	11-27	12-20
1.00	Engrs. Pub. Serv. com. (In.)	.25	Q	11-29	1-2-29
2.00	Inter. Combust. Eng..	.50	Q	11-19	11-30
—	Jewel Tea Co.......	1.00	ext	11-30	12-15
7.00	Nat. Lead Co. Cl. A pf	1.75	Q	11-30	12-15
—	New Jersey Zinc....	2.00	ext	11-20	12-10
8.00	Norf. & Western com.	2.00	Q	11-30	12-19
—	Norf. & Western com.	2.00	ext	11-30	12-19
3.00	Phillips-Jones com. ..	.75	Q	11-20	12-1
2.00	Reading Co. 1st Pfd..	.50	Q	11-22	12-13
1.60	Simms Petroleum Co..	.40	Q	11-30	12-15
1.75	So. Cal. Edison 7% Pf.	.43¾	Q	11-20	12-15
1.50	So. Cal. Edison 6% Pf.	37½	Q	11-20	12-15
1.00	Sun Oil Co...........	.25	Q	11-26	12-15
Stk	Sun Oil Co.	K6%		11-26	12-15
3.00	Texas Corp.	.75	Q	11-23	1-1-29
1.60	Un. Biscuit Co. of Am.	.40	Q	11-17	12-1
4.00	U. S. Dairy Prod. Corp. Cl. A com..........	1.00	Q	11-16	12-1
7.00	U. S. Steel Corp. com.	1.75	Q	11-30	12-29

Bonds Called for Redemption

Company	Rate	Maturity	Amount	Price	Redemption Date
Abitibi Power & Paper 1st	6%	1929–34	$2,061,000	V.P.	Dec., 1928
Abitibi Power & Paper notes	6%	1931	$4,000,000	100	Oct., 1928
Aluminum Co. of Amer. deb	5%	1952	$20,000,000	105	Sept., 1928
Amer. Smelt. & Ref. 1st Ser. B	6%	1947	$5,000,000	107½	Oct., 1928
Amer. Type Founders 1st 15-yr. deb.	6%	1940	$179,000	105	Oct., 1928
Ann Arbor R. R. 5-yr. sec. nts	6%	1930	$100,000	101	Sept., 1928
Argentine Nation internal	4½%	a1888	$410,000	100	Sept., 1928
Argentine Gov't int	4½%	a1888	$410,000	100	Sept., 1928
Argentine Gov't cnv	4½%	a1889	$550,000	100	Oct., 1928
Associated Oil 12-yr. notes	6%	1935	$1,230,000	102½	Sept., 1928
Chesapeake Corp. 1st cv	7½%	1942	$10,000	110	Nov., 1928
Childs, R. E., ser. "A" & "B" goid bds.	—	1929–32	V.B.	110	Sept., 1928
Chinese Gov't	5%	1952	$427,000	100	Sept., 1928
Cities Service ref. deb	6%	1966	$18,621,000	104	Nov., 1928
Comm'lth Light & Pow. 1st	6%	1947	All bonds	105	Nov., 1928
Computing Tab. & Rec	6%	1941	$1,000,000	N.S.	Jan., 1929
Cuba (Rep. of)	5%	1944	$990,000	100	Sept., 1928
Cuban Dominican Sug. 1st l. s. f	7½%	1944	$114,000	110	Nov., 1928
General Asphalt conv. deb	6%	1939	$85,000	105	Nov., 1928
Glidden Co. 1st ser	6%	1929–40	$2,800,000	102	Oct., 1928
Goodrich, B. F., 1st mtge	6½%	1947	$536,000	107	Nov., 1928
Gt. Brit. & Ireland (Un. King.) Victory Bonds, Bank of Eng. issue	4%	1976	$11,775,000	100	Sept., 1928
Gt. Brit. & Ireland (Un. King.) Victory Bonds, P. O. issue	4%	1976	$518,000	100	Sept., 1928
Houston Gulf Gas 2 yrs. sec. nts	6%	1929	$2,500,000	100	Oct., 1928
Houston Oil of Tex. 10-yr. notes	6½%	1935	$7,354,000	103½	Oct., 1928
Hygrade Food Prod. 1st & ref. cv	6%	1937	$1,000,000	105	Dec., 1928
Liquid Carbonic 1st cv	6%	1941	$3,942,000	105	Jan., 1929
Locomobile Co. of America 1st	6%	1942	$75,000	100	Sept., 1928
Louisville Gas & Elec. deb. "A"	6%	1937	$60,000	102	Dec., 1928
Macy, R. H., ser. 3 to 10 deb	5¼%	1926	$6,750,000	V.P.	Dec., 1928
Marconi Wireless Tel. Ltd., deb	6½%	1932	All bonds	105	Oct., 1928
Marland Oil ser. nts. ser. "A"	5%	1929	$7,500,000	100.245	Dec., 1928
Mid-Cont. Petrol. 1st 15-yr. s. f	6½%	1940	$144,000	105	Sept., 1928
Northern Ohio Power 10-yr. ser	7%	1935	$3,499,000	100	Nov., 1928
Oil Well Sup. Inv. 5-yr. coll. tr. nts.	5½%	1932	$2,400,000	102	Sept., 1928
Pan Amer. Pet. & Tr. 1st l.m. & conv.	7%	1930	$402,000	105	Dec., 1928
Panama (Rep.) ext	5%	1944	All bonds	105	Nov., 1928
Panama (Rep.) ext. sec	6½%	1956	All bonds	103	Dec., 1928
Panama (Rep.) ext.	6½%	1961	All bonds	103	Dec., 1928
Paris-Orleans R. R. Company	7%	1954	All bonds	103	Sept., 1928
Pathé Exchange s. f. deb	7%	1937	$158,000	109	Nov., 1928
Pitts. Steel notes	6%	1929–30	$2,000,000	100	Sept., 1928
St. L.-San Fran. Ry., inc. mtge. "A"	6%	1960	$35,172,000	100	Oct., 1928
Spanish River Pulp & Paper Mills 1st mtge.	6%	1931	$1,456,000	110	Oct., 1928
Spanish River Pulp & Paper mtge. ln. notes	6%	1929	$493,000	102	Mar., 1929
Tenn. Copper & Chem. 15-yr. cv. deb., Ser. "A"	6%	1941	$25,000	105	Oct., 1928
Transcontinental Oil 5-yr.	7%	1930	$4,000,000	101	Oct., 1928
Utah Lt. & Power pr. 1	5%	1930	$746,000	100	Jan., 1929
Willys-Overland 1st	6½%	1923	$1,000,000	102	Sept., 1928

V.B.—Various bonds. a—Year of issue. V.P.—Various bonds.

IMPROVED OUTLOOK FOR THE RUBBER INDUSTRY

(*Continued from page* 128)

mates are, of course, only approximations but they go to show with what rapidity share earnings might increase with widening profit margins. On the above basis a gross profit of 15% on sales would show $16.25 a share on Goodyear common, $13 on United States Rubber common, and $17.25 on Goodrich common; while on a gross profit of 20% on sales Goodyear would show $28.50 a share, United States Rubber $23, and Goodrich $26.

The more substantial share earnings which Goodrich can show on a 10% profit margin, and the more sharply increasing share earnings of Goodyear and United States Rubber in contrast to Goodrich when wider profit margins are considered, are due to differences in capitalization which are illustrated in an accompanying table. This shows that on the basis of approximate present market prices for the various classes of securities Goodyear's capitalization is pretty evenly divided between funded debt, preferred stock and common stock. These represent, respectively, 34%, 35% and 31% of market valuation of total capitalization. In the case of United States Rubber well over half of the market valuation is represented by the funded debt, 57%, while the common stock valuation represents only 17%. The opposite is true in the case of Goodrich where common stock represents 52% of market valuation, preferred stock 25% and funded debt only 23%. Naturally the tendency is for share earnings to increase more rapidly in those cases where the common stock valuations represents a comparatively small proportion of the total capitalization.

Comparative Merits

Whether these largest units in the rubber industry can show profits of 10% on sales, year in and year out, time only will tell. In any case it is not likely that they are all going to show the same, or anywhere near the same, profit margins. Under the stress of competition one probably will stand out more conspicuously than the others. In the following paragraphs are mentioned some of the outstanding merits of each of these companies. They are factors which are likely to prove of importance in the coming years.

Goodyear's total market valuation is slightly in excess of its last year's sales, whereas the present market valu-

ation of United States Rubber is somewhat below its last year's sales and that of Goodrich is quite substantially below last year's sales. Probably Goodyear's prominent position as the world's largest rubber manufacturer, and the virtual certainty that its sales this year will show a substantial increase over 1927, are sufficient warrant for the higher appraisal of its securities. Goodyear's sheer size is no doubt of help in reducing overhead costs of production. Furthermore its well centralized operations, with an enormous plant at Akron and others in California, Canada, England and Australia and another in prospect in the South, and its thoroughly modern equipment probably make it the lowest cost producer. A high proportion of its output is tires, although it is also an important manufacturer of rubber heels, belting and various other goods. Recent speculation in the company's common stock has been based partly upon the possibilities of its subsidiary, the Goodyear-Zeppelin Corp., which was recently awarded a contract by the government for the construction of two Zeppelins at a total cost of more than $7,000,000. The potentialities for growth in this field are enough to fire the speculative imagination.

United States Rubber has suffered from a heavy funded debt which has thrown its capital structure out of proportion. Assistance to a strengthening of its position is being afforded by omission of preferred dividends, which are non-cumulative. Its production is well balanced, approximately one-third being tires. Its laboratory is constantly devising new products which the company sells either directly or through licensing manufacturers. Ownership of extensive and very valuable plantations, among other things, induced the du Ponts to acquire an interest in the company.

Goodrich possesses the most conservative capital structure, as has been already pointed out. Its production is also well balanced and substantial earnings accrue from its footwear department so that profits are fairly uniform throughout the year. Indicative of its good management are its low inventory figures. Its sales in the first six months this year represented 2.15 times its inventory on January 1, against 1.83 times for Goodyear and 1.24 times for United States Rubber. This more rapid turnover naturally helps to increase the profit margin. Its joint ownership with the Eastman Kodak Company and the Anode Rubber Company of the patents for a process of electric deposition of rubber may prove of high commercial value.

Summary

The better position of the rubber manufacturing industry could not be better illustrated than by the fact that for the first time in many years the rubber companies are able to finance extensively through the issuance of common stock. Both Goodrich and Goodyear have resorted to this means to provide funds for expansion this

San Francisco Stock and Bond Exchange

THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

		1928		Last Sale
	Div. Rate	High	Low	Nov. 8
Anglo & London Paris Nat. Bank	$10.00	295	225	245
American Company	4.00	220	130	145
Bancitaly Corporation	2.24	220¼	100	123⅞
Bank of Italy	5.24	311½	125	214
East Bay Water A, Pfd	6.00	99	84⅞	96
Great Western Power Pfd	7.00	106⅞	103¼	105¼
Pacific Lighting	3.00	96⅜	72⅛	77
Pacific Telephone & Tel. Pfd	6.00	125	113½	120½
Pacific Gas & Elec	2.00	53⅞	43⅞	49⅞

Industrial and Miscellaneous

	Div. Rate	High	Low	Last Sale
Atlas Imperial Diesel Engine "A"	1.50	87¾	31	74
Byron Jackson Pump Company	1.60	108½	31⅝	96½
California Packing	4.00	81⅛	69⅛	77
Caterpillar Tractor	1.40	84⅝	53	79
Clorox Chemical Company	...	49	30½	45⅝
Crown-Zellerbach Corp. cm. vtc	...	29¾	22⅝	23⅞
Dairy Dale Company "A"	1.50	32¾	23	26½
Dairy Dale Company "B"	0.75	31¼	17½	23
Firemen's Fund Insurance	5.00	127	110	119
Foster & Kleiser (cm)	1.00	19	12	13
Golden States Milk Prod	1.60	64⅞	33	60¼
Hale Brothers	2.00	31	24¾	25
Hawaiian Coml. Sugar	3.00	56	46	51
Hawaiian Pineapple	1.80	62	41	62
Home Fire & Marine	1.60	49¼	36½	38¼
Honolulu Cons. Oil	2.00	43	35	39
Illinois Pacific Glass "A"	2.00	62	42	50⅞
Kolster Radio Corp.	...	87¼	30	84½
North American Oil	3.60	46¼	36	42¾
Oliver United Filters, Inc., "A"	2.00	56⅛	39	49
Oliver United Filters, Inc., "B"	...	55¾	38½	48
Paraffine Common	3.00	109½	79	85
Richfield Cons. Oil	1.00	52	23¼	50⅜
Schlesinger A Common	1.50	27¼	20	22½
Shell Union Oil	1.40	35¾	24	35¼
Southern Pacific	6.00	128½	118¼	122
Standard Oil of Calif	2.50	65⅜	53	65
Union Oil Associates	1.99	57½	41½	53¼
Union Oil of California	2.00	57¼	42½	53¾
Yellow & Checker Cab "A"	4.00	58¾	48	48

year. This healthy sign is indicative of the improved position which rubber securities hold in the eyes of the financial public. Incidentally Goodyear's financial position will be so strengthened by the cash received from the sale of this additional common stock that it will bring materially nearer the inauguration of common dividends. An indenture in the preferred stock prevents payment of common dividends until certain requirements in respect to current assets are met.

In considering what securities should be bought in order to benefit from an indicated betterment in the earnings of rubber manufacturers, the prices at which they are selling must, of course, be a factor. Goodyear common has doubled in price in not many months. Even at these higher prices, around 80 to 85, it does not seems overvalued in view of its strong position in the industry and the virtual certainty that it would be prominent in any advance of the rubber shares. Goodrich common, however, must be regarded as a more conservative vehicle of speculation. Its $4 common dividend is well protected, and while its earnings may not rise as sharply as those of its competitors it has shown its ability to report highly satisfactory profits under normal conditions. It is an attractive long pull prospect around 82. United States Rubber common is the most speculative of the group. Its comparatively low price, around 40, reflects its greater remoteness from earnings due to its large senior capitalization. It might, however, show a larger proportionate advance in a broad bull market in rubber securities than either of the other two stocks considered.

WHY ANNUITIES ATTRACT THE THOUGHTFUL INVESTOR

(*Continued from page* 131)

over a long term of years; indeed the average interest rate will probably be somewhat less than this. Thus the income derived from the $50,000 capital would be in the neighborhood of $2,500 annually.

But if no more than $40,000 of this same principal were used to purchase an annuity the annual income yield to a man age 60 would be over $3,800; while to a man age 65 it would give a

still more interesting return—over $4,400 annually, more than 10% annual yield on the purchase price.

The high return under annuity purchases is of course due in great measure to the fact that the investor's principal is definitely paid over to the company which guarantees the fixed income for life.

In the case of a man and wife, they may plan for an annuity income which will be payable not only during their joint lives, but throughout the remaining lifetime of the survivor. With children grown and independent of their parents' help financially, an elderly couple should safeguard their resources and invest their funds conservatively if they wish to enjoy a peaceful old age and "the glorious privilege of being independent." They should have carefully investigated long term investments, preferably extending throughout their lifetime; while, in addition, the purchase of a Joint and Survivor Annuity provides an excellent channel for a good portion of their funds.

With two lives taken into consideration, the return on the purchase price of an annuity is of course less than on the annuity for a single life. Moreover, an important element which enters into a Joint and Survivor Annuity for husband and wife is the fact the average longevity of women, especially at the older ages, is greater than that of men. As this greater longevity would necessitate the payment of the annuity income over a proportionately longer interval, it is a factor which influences the income return on the purchase price of the Joint and Survivor Annuity. Even so, the income afforded through an investment in this type of annuity is very attractive, and greater than could be obtained through any other safe and conservative channel.

No medical examination is required of the applicant for an annuity; no formalities other than a simple application, proof of age, and payment of the price. This investment is more appealing to the man or woman whose health is such that the normal expectancy of an extended old age can be anticipated. The man who is in poor health is not likely to apply for an annuity—nor should he.

The figures, shown in the accompanying tables, give an idea of the cost of an annuity of $1,000 annually.

With the usual annuity contract, the income payments cease at the death of the annuitant. But occasionally a tentative purchaser desires that the income will be guaranteed for a certain number of years, irrespective of whether or not he lives to receive all the payments personally. In such circumstances, he may obtain a *Single Premium Life Annuity Certain*, under which payments are guaranteed for, say, ten or twenty years, and if he dies before receiving the *certain* payments, the remainder will be paid to a designated beneficiary or to his estate. Naturally this type of annuity requires a larger purchase price, since there is an element of life insurance combined with the annuity guaranteed.

Statistical Record of Business

	Week Ended Nov. 3, '28	Week Ended Nov. 10, '28	Year Ago
Volume Stock Exchange Transactions (shares)	19,416,220	22,085,629	8,851,514
Average Price Magazine of Wall Street Index	147.5	155.8	108.5
Volume Bond Transactions	$49,728,400	$45,485,625	$52,009,750
Average Price 40 Bonds	90.84-90.71	91.15-90.77	92.52-92.31
Brokers' Loans (Federal Reserve)	†$4,907,164,000	‡$4,978,968,000	$3,384,529,000
Comm'l Loans Federal Reserve Member Banks	$9,172,402,000	$9,214,656,000	$8,781,609,000
Federal Reserve Ratio	67.2	67.1	73.1
Gold Holdings	$2,772,996,000	$2,763,367,000	$3,041,491,000
Rediscount Rate, N. Y.	5%	5%	3½%
Debits to Individual Accounts	†$17,201,763,000	‡$15,558,014,000	$12,624,748,000
Call Money	7%	7%	3½%
Time Money (90 days)	6¾-7%	7%	4⅛-¼%
Commercial Paper	5½%	5½%	3⅜-4%
Acceptances (90 days)	4⅝-½%	4⅝-½%	3⅜-¼%
Dun's Business Failures	420	363	430
Weekly Food Index (Bradst's).	$3.30 (Oct. 1)	$3.32 (Nov. 1)	$3.38
Wholesale Prices (Bradst's)	$13.12	$13.01	$13.39

Industrial Barometers

	August	September	Year Ago
U. S. Steel Unfilled Tonnage	3,624,043	3,698,308	3,148,113
Steel Ingot Production	4,178,481	4,147,583	3,268,881
Pig Iron Production	3,135,570	3,062,314	2,774,949
Pig Iron Furnaces in Blast	183	197	179
*Copper Production (short tons)	76,952	77,387	65,936
Car loadings	4,230,809	5,586,284	5,448,107
Automobile Production	458,429	413,722	260,387
Building Permits (Bradstreet's)	$259,181,408	$233,479,527	$251,686,845
Petroleum Production (bbls.)	75,599,550	**75,150,000	75,081,000
Bituminous Coal Production (net tons)	41,108,000	41,301,000	41,763,000
Cotton Consumption (bales)	526,729	492,221	627,784
Spindles active	28,423,508	28,227,090	32,398,452
Wool Consumption (lbs.)	45,102,626	43,492,494	48,152,574
Railroad Earnings	$128,350,136	$134,512,927	$132,770,000
% on Railroad Property invested	5.04	5.04	4.77

Foreign Trade

	August	September	Year Ago
Merchandise Exports	$381,000,000	$426,000,000	$425,207,000
Merchandise Imports	347,000,000	$321,000,000	$342,154,000
Gold Exports	$1,698,000	$3,810,000	$24,444,000
Gold Imports	$2,445,000	$4,273,000	$12,979,000

Distributive Trades

	August	September	Year Ago
Mail Order Sales	$47,936,995	$54,424,390	$44,660,880
Chain Store Sales	$112,364,702	$126,475,089	$102,192,072
Dept. Store Sales (index number 1923-5—100%)	85	106	100

* U. S. Mines. † Oct. 31. ‡ Nov. 7. ** Subject to revision.

TRADE TENDENCIES

(Continued from page 136)

to reduce stocks so as to be in good shape for inventory taking, January 1. Prices for most finished steel products are currently strong and with the year drawing rapidly to a close there is a great deal of conjecture as to their probable course for the early part of 1929. From present indications it appears that efforts will be made to round out the advances already established before attempting any new increases.

Earnings in the majority of cases will show a substantial improvement over last year, although results will not in all probability equal those achieved in 1926.

Pig iron prices continue strong and production in October was at the highest daily average rate in over a year and a half. Demand is very heavy and furnaces are having difficulty in meeting consumers' requirements. Stocks are comparatively low and further price advances appear imminent.

APPAREL

Trade Improves

Although the first six months in the apparel trade were marked by a rather desultory demand for most classes of goods and profits as a result were mainly lower, the general improvement which has taken place in the past few months will probably more than offset this poor showing. As a matter of fact, the apparel industry is now in a stronger position than it has been in nearly two years and from present indications it appears that this recovery will be extended for at least the balance of the year. Producers have been favored by seasonable weather conditions in the last half of the year, the intense heat during July and August stimulating demand for lightweight clothes. Sales have shown steady expansion since the beginning of summer, while the colder weather in September, necessitating a change of garments on the part of consumers, was reflected in a heavy increase in orders for practically all lines of merchandise.

Not all branches of the industry, however, show the same rate of improvement. In the underwear trade changing style trend has created a good deal of unsettlement, demand for "gym suit" types being reflected in a sharp slump in buying of other styles. This situation was aggravated by high raw material costs as a result of the advance in cotton prices during the first six months. Weakness in cotton prices and expanding sales have currently put the industry in a more favorable position. Hosiery manufacturers have been particularly fortunate in meeting stable demand while favored by a low level of raw silk prices. But the

(Please turn to page 178)

AIRWAYS TO EVERYWHERE

(*Continued from page* 108)

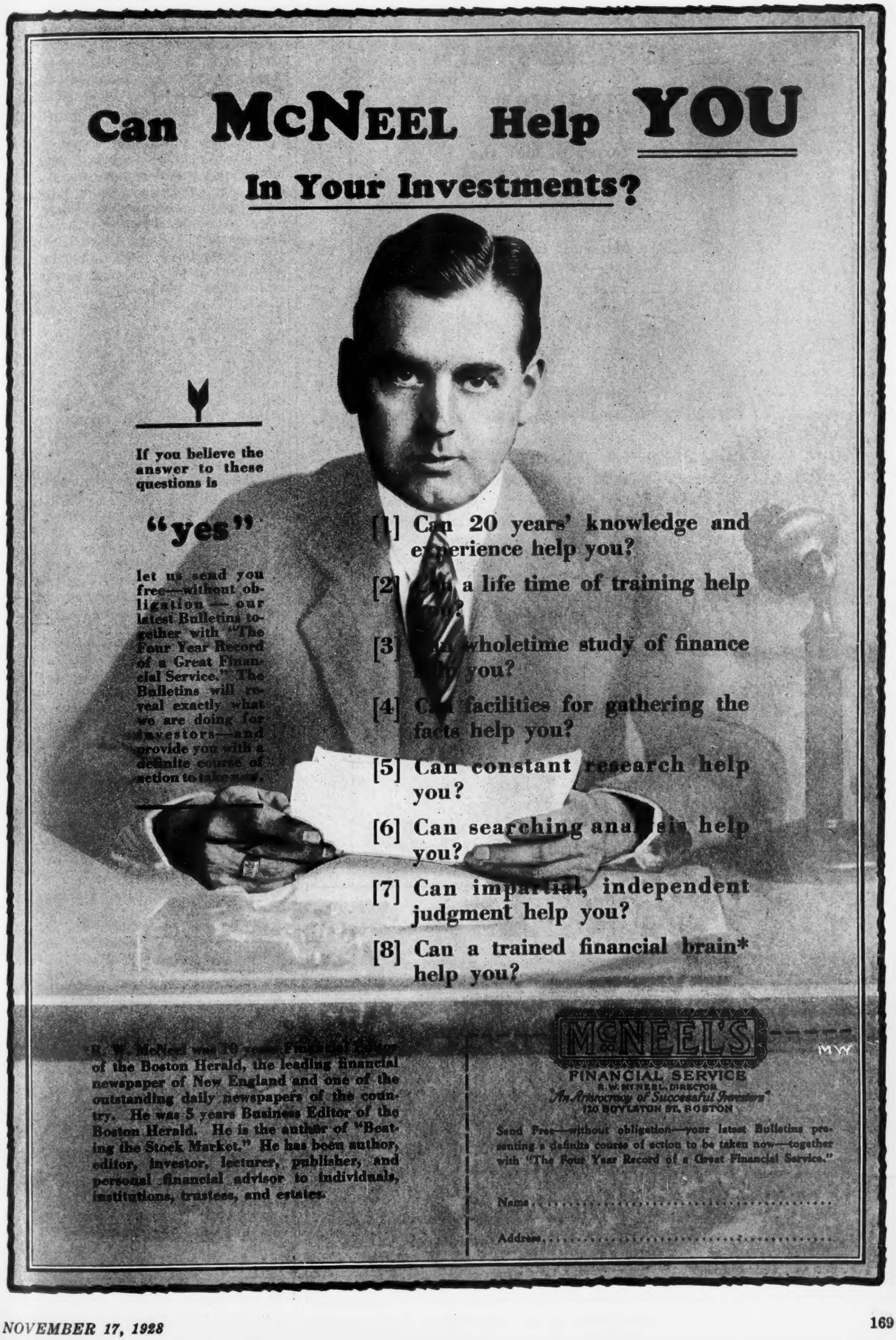
output undoubtedly will continue to increase rapidly to keep pace with the fast growing demand. At present unfilled orders of a great many factories exceed the plant capacities and this condition has given rise to a doubling of existing facilities and to the formation of a large number of new manufacturing companies. The demand is as well for light single-motored machines for private use as for heavier cabin-type planes for commercial purposes. Since multi-motored planes are becoming more and more in vogue while a well constructed plane is stated to outlive the average engine, it is expected that motor production will show a tendency to surpass plane output.

One of the most encouraging facts is the improvement in operating results of airmail operators since the recent reduction in rates which were about halved. This has led to a very material increase in the volume of mail handled and has turned deficits in the income statements of the carriers into profits. It does not only give cause to a heavier demand for equipment for this service but proves that the theory that decreased charges to the consumer will lead to a higher return on a larger turnover applies also to the aviation industry. If enlarged and more concentrated production in the factories lowers the price of the unit, the combined factors may be expected to further reduce the cost of air-transportation.

In spite of the large increase in the number of the aircraft manufacturing concerns, there are signs of such a concentration process. Only a few companies are engaged in anything like mass production. It has been calculated that but for about one-twentieth of the aggregate output the entire volume of production comes from some 20 concerns. The heavy competition and mushroom growth of this new industry will necessarily lead to the elimination of its weaker members but there is enough reason to assume that several of the stronger entrenched companies will survive. By strong entrenchment is meant a sound liquid position, adequate facilities to meet increased demand, a technically and also otherwise competent management, strong financial affiliations and first of all a superior product. The income record over the years of existence should also be considered.

The Investor's Angle

There are but few aircraft producers that could stand this test and, moreover, the test is not infallible in view of the infancy of this industry which still remains subject to shifting demands and engineering inventions. But in the making of a choice of investment the wise investor will be guided by such factors as indicated above. It is not necessarily the largest concern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[2] Can a life time of training help you?
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[4] Can facilities for gathering the facts help you?
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whose securities may prove the most profitable. In fact the small concern with decidedly promising prospects and meeting the various requirements may be more attractive since its securities may not have discounted expectations of future earnings to the same extent as the already popular stock of the leading enterprise.

It is not within the scope of this article to analyze in detail even the handful of prominent aeronautical issues. Such stocks as Wright Aeronautical, Curtiss Aeroplane & Motors, etc., are without doubt sound issues in the aircraft field and yet there are others which from a long pull standpoint may offer even greater attraction. The investor should give thorough consideration to the opportunities afforded by the various divisions of the aviation industry, such as engine manufacturers, airplane manufacturers, and transport companies. Due to the fact that successful air transportation to a major degree is dependent upon dependable motors, some engine manufacturers, such as Wright Aeronautical and Pratt & Whitney, have established themselves on a firm foundation, which is not unlike that enjoyed by several motor builders during the early stages of motor car development. It is significant to know, however, that very few automobile motor companies are outstandingly successful today. The reason for this is very likely the fact that as motor car manufacturers became larger and better established, they gradually turned to the development of their own motors and the possible market for motors manufactured by independent organizations narrowed to limits no longer providing a large volume of profits. It does not necessarily follow that the manufacturers of airplane engines will face the same situation in the years to come. The buyer of a motor car usually needs but one motor during the life of his automobile, but the buyer of an airplane has a machine which will outlast several motors and it is only natural that in the course of time the owner will be in the market for motor replacements.

Performance an Important Factor

In the selection of securities of an airplane manufacturing company, a study should be made of the relative merits of the company's product. In the inception of an industry, eager buyers are apt to accept delivery of almost anything they can get, but as competition grows, the builder of the most efficient product is likely to secure the larger part of the market. For instance, at the present time, a number of manufacturers are producing standard model cabin planes selling in the neighborhood of $14,000 and varying to a marked degree in relative efficiency. The pay load of these various planes ranges from a little over 800 pounds to well over 1,400 pounds and their cruising speeds are also widely different. As time goes on the dependable plane that offers the highest cruising speed and the largest pay load possibilities will surpass the others in commercial use. This is readily apparent when it is con-

sidered that air transportation between two given points, 1,000 miles distant, may mean twelve hours in one type of plane and only nine hours in another, even though both planes are capable of carrying about the same pay load and offer the same conveniences.

The majority of airplane manufacturers today are producing a small sport type of plane and the public is likely to believe that this class of production offers the greater possibilities. This should not prove to be the case, however, as flying a small plane is a difficult task, calling for experience and skill of a high degree. The larger planes are more easily handled and are more likely to appeal to the public in the future from an utility, pleasure and safety standpoint.

Successful Transport Companies

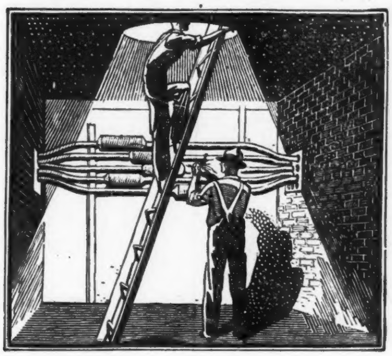
Among the transport companies, consideration should be given to the freight and mail contract which various organizations have obtained, the price schedules obtaining under these contracts and the length of time they have to run. A number of the transport companies have very valuable contracts which automatically tends to stabilize earning power. Many of the more successful transport companies are making a great deal of money, but their stocks are not available to the public in the open market.

Up to the present time the best market for airplanes and transportation facilities has been in the western part of the United States, but the east is rapidly becoming air-minded. Weather conditions in the east, however, make flying more hazardous than in the west and this will, to some extent, retard the development of both pleasure and commercial flying until safety factors have become even more pronounced.

Speculative Aspects

In view of the still highly speculative character of aeronautical stocks in general, however, any investment in this field should be considered as inadvisable for the investor who cannot afford to lose whatever funds he puts into it. It is a speculation not for the small investor but only for the one who enjoys a comfortable margin of funds available for a bold try in a still unseasoned investment field that at the same time opens the perspective of inestimable possibilities.

Especially here in the United States the growth of aviation has so far been out of proportion to the needs of the country, its tremendous wealth and available engineering and business talent. Europe still is ahead as to regular passenger transportation by air; but as to air mail and freight transportation, the crown had to be ceded to the United States, and this is the more gratifying since European companies only exist on the heavy state subsidies, while American aeronautical enterprise is run by purely private exploitation. To doubt for a minute the splendid future of American aviation as a profitable industry of huge promises would be to flout the inspiring achievements of this great nation in other industrial fields of enterprise.



HAS RAILROAD CONSOLIDATION FAILED?

(Continued from page 110)

Now for the other side, that of the I. C. C. Its contention is that most of the plans, while containing some features of merit, have not been good as a whole, not "in the public interest," to use the now familiar stock expression of that body.

Take the two plans of Mr. Loree and associates, the first providing for the acquisition by the Kansas City Southern of stock control of the M-K-T and Cotton Belt; the second for the M-K-T to do the same with the other two companies.

Two Proposals Fail

The first plan was turned down hard by the Commission which maintained that an attempt was being made for the smallest company of the three, with an insufficient capital structure and inadequate financial resources, to acquire control of two larger roads. No provision was made for as much of a merger as the present Act permits. The Commission wants the railroads to go just as far as possible in this respect.

The second plan never was permitted by its sponsors to come to a hearing as it was withdrawn recently and official notice given to the Commission of a plan for the dissolution of all corporate and security-owning relations between the three companies, except the ownership by the Kansas City Southern of 135,000 shares of Cotton Belt preferred.

Important Facts

These two plans, both of which failed, are estimated to have cost the stockholders of the three companies over $3,000,000 in the aggregate, against which there has been no substantial offset except the $1,100,000 made by the Kansas City Southern on the sale of its holdings of Cotton Belt common. The cost of flirting with consolidation to the Kansas City Southern alone was in excess of $2,000,000. M-K-T came second, while Cotton Belt held third position, as it was largely, as one interest expressed it, "an innocent passenger" in connection with both plans.

Moreover the Kansas City Southern is understood to have paid its counsel a large extra fee in connection with the first plan, that was rejected in such decisive terms by the Commission. The same company is also understood to have paid an underwriting fee of more than $600,000 in connection with the offering of the balance of its treasury holdings of M-K-T to its own stockholders.

Is it strange that such plans handled in such ways failed?

The New York Central plan for taking over the Michigan Central and Big Four, and the latter some small companies, has failed so far because it did not provide for minority stockholders and for outside small roads in the territory served by the larger roads, that it was proposed to acquire.

The Northern Pacific—Great Northern plan is expected to fail because it would give those two systems and the Burlington undue strength in the Northwest and would have upset rather than stabilized the general railroad situation in that section.

Who Wants Consolidation?

Shippers of freight over the railroads naturally are in favor of lower rates. The big and broad-minded shippers, however, know that there is a limit to reductions in rates, beyond which the railroads cannot go, if they are to maintain their properties, give good service and earn a reasonable return for their security holders.

These big business men quite generally are inclined to agree with railway executives that general consolidation cannot bring about anything like the reduction in the cost of operation that the most ardent champions of the movement have claimed. If the economies are not possible, then lower rates would be out of the question.

As for the attitude of the public toward general consolidation, it has been reported in connection with hearings in the West on several plans, that whatever demand for and interest in, consolidation, that may have existed in the early stages of the movement, have largely disappeared.

Who is there, then, left, it may be asked, who actually wants consolidation? Is there any way of bringing it about on a scale that would be worth while?

Speculators in stocks certainly want it. Many of them earnestly believe that nothing else will renew interest in and develop active buying of railroad shares. That the expectation that consolidation will come in due time has not disappeared is shown by the suggestions promptly made as to all the various things that might be expected to result from the Van Sweringen acquisition of the Buffalo, Rochester & Pittsburgh.

Many railroad executives still want consolidation if they can get what they believe to be the right kind. Stockholders generally would be in favor of it if they could be convinced that under consolidation the railroads into which they had put their money could make larger earnings and pay larger dividends. The I. C. C., as already stated, would approve consolidation plans if only they could see their way to do so. In fact, intimations have been received in railroad circles recently, that the Commission, in the near future, will take the initiative with regard to consolidation, as provided for in the Transportation Act. Shippers and the general public would not object to consolidation if they could be shown that they would gain rather than lose in the matter of service rendered by the rail-

roads and in the effect upon their own individual lines of business.

The Questions at Issue

There seems to be, therefore, several big questions to be considered. They are: "Can plans be drawn that the I. C. C. would approve?" "Would such plans be made by railway executives, their counsel and bankers and be submitted to the Commission?" "Can Congress be expected to pass the Parker bill or a similar measure that would make possible the kind of consolidation the railroads want, and which would not meet with serious opposition from other interests."

As to question 1, there is no reason for doubting that plans could be worked out, even where failure has occurred so far, that would be approved by the I. C. C. This might not be true of the Van Sweringen undertaking as a whole. Still it will be recalled that the Commission already has approved the proposed acquisition of the Pere Marquette by the Chesapeake & Ohio. It might go still further if the right kind of proposal were made.

There is excellent reason for believing that a plan could be drawn within a short time for the unification of the Kansas City Southern, M-K-T and Cotton Belt, that would be approved, both by the Commission and stockholders of the three companies. In fact, it may be stated here for the first time that even before the second Loree plan was withdrawn from the Commission, steps were taken toward the making of a third plan. Heavy buying of Kansas City Southern and M-K-T recently is believed to have been in connection with such a plan.

If it is carried to completion, undoubtedly it will provide for a new company that would give its shares in exchange for those of the other three, and also for as complete a merger as the law now permits. It would provide fully for minority stockholders.

The Commission would like to receive such a plan, as its members want to see "the southwestern situation cleared up," as they themselves have put it.

It may be stated here, also, for the first time that such a plan was discussed informally twice with several members of the Commission and was favorably received by those members. Unfortunately, however, it was sidetracked for the two abortive plans that were finally filed with that body. A renewal of that original plan, with some modifications and improvements, would undoubtedly do the trick with the Commission and be approved by stockholders.

All of them do not know it, but it is time that they were fully informed that during the two years that the managers of the three companies were flirting with consolidation, not only large sums of stockholders' money were voted by their directors to pay the cost of the plans, but also that the Missouri Pacific and Southern Pacific greatly strengthened their position in Texas, in the very territory served by the three so-called Loree roads, and that as

a result, the latter have lost hundreds of thousands of dollars of traffic to the two larger systems. Moreover, the way these two plans were undertaken, and failed, set up antagonism to the three companies and caused the loss of still more traffic.

Still another point in the interest of the stockholders of the three companies. Those who are most familiar with their position are confident that they will not be able to "go it alone," successfully. They believe that that day has passed. In the judgment of these authorities, it is absolutely imperative for self-preservation, that unification be brought about as soon as possible. Competition from Missouri Pacific and Southern Pacific is too strong, in their judgment, for any one of the roads to meet alone.

What should be done, generally is done—sooner or later. This may easily be the first group of railroads for which a reasonable and acceptable plan is worked out. If it succeeds with the Commission it will not be sponsored by L. F. Loree.

Other Possibilities

Still another situation out of which a successful merger might easily come is that existing between the St. Louis-San Francisco and Rock Island, by reason of the purchase several years ago by the former of 183,000 shares of the common stock of the latter. Through E. N. Brown as chairman of the executive committee of the Rock Island, and two other directors, the 'Frisco has practically controlled the management of that company. Mr. Brown has brought about big savings in the cost of operation and corresponding increases in net earnings. Net income for this year is estimated at approximately 14% on the common. Next February the present 6% dividend is likely to be increased to a 7% annual basis. The stock has been bought heavily for some time on the steady increases in earnings and the expected marking up of the dividend. In due time, a merger of these two properties probably would include several smaller but important lines.

The New York Central plan could easily be modified so that in all probability it would be approved by the I. C. C. It seems more than likely that this will be done because, on account of the ownership by the New York Central of practically all Michigan Central stock and a big majority of Big Four common and preferred, it is highly desirable to the New York Central that this plan should go through.

Just what could be done with the Northern Pacific—Great Northern situation in the event of failure of the present plan, is a problem. That would not be a serious situation because of the joint ownership for many years of Burlington by the two companies.

By far the greatest possibilities in the way of railroad consolidation on a big scale, and undoubtedly the biggest opportunities for speculation in railroad stocks, still may be found in connection with the efforts that have been underway for more than four years to put the railroads east of the Mississippi River into four big systems, and in those of the Van Sweringens to carry out their ideas with regard to railroad unification.

Just as soon as these most important undertakings are renewed in earnest, railroad consolidation will be very much alive again, there will be no talk about its having been dead and there will be active speculation, first in the stocks directly involved in specific plans and then in those that might go into other possible mergers.

In the meantime, Congress may pass the Parker bill, which in itself, would result in the prompt taking up of such undertakings as a 'Frisco-Rock Island merger, and still others that have been held in abeyance for a long time pending the passing of such a measure, and of even others that never have been started.

No,—railroad consolidation is not dead.

INTERNATIONAL CEMENT

(*Continued from page* 117)

through the necessity of competing with foreign cement, particularly from Belgium, produced at low wages, and "dumped" on a large scale in Atlantic and Gulf Coast territories. From the viewpoint of domestic manufacturers there is a great need for a protective tariff on imported cement, and indications are that the new federal administration will take steps to provide such protection. While this development would be the most productive of tangible benefits to holders of the stock and convertible bonds, it is not necessarily essential to the establishment of more liberal dividends within the next few months, and a higher scale of payments, either directly or indirectly through the medium of a stock dividend, would go a long way in placing the bonds in a position to give effect to the convertible feature. Not only are earnings currently equal to almost twice the $4 dividend requirement, but logically should be subject to some increase next year, apart from the normal trend, as a result of orders in connection with the government flood relief program along the Mississippi River.

The wide territorial scope of International Cement engenders a more even flow of business than would be possible in the case of a company affected by the inevitable variations in demand incident to a single locality. This relative stability is of much importance, particularly in its application to the investment worth of the bonds. *Considered in conjunction with the factors conducive to a gradually higher valuation for the stock, the convertible debentures are among the most interesting now available of securities of this type whose market is still not too far removed from an investment basis.*

UNLISTED SECURITIES TO HAVE AN ORGANIZED MARKET

(*Continued from page* 115)

the member strictly as a broker, the investor paying or receiving only the net cost and it is entirely equitable that the brokerage charge should be higher for the type of securities that the new market will deal in as compared with what we now consider the "listed stocks."

Physical Equipment

As far as the physical facilities of the Produce Exchange's security market are concerned, it is understood that five trading posts will be available when trading opens. The exchange will have its own ticker service and clearing house organization. Although many members of the exchange frankly admit that their experience with securities is largely limited to their non-professional purchases and sales of stocks and bonds as investors, several hundred members are professional security dealers. More than 125 members of the New York Stock Exchange have memberships on the Produce Exchange, in addition to a number of non-member stock brokers and investment dealers. This group will be the headmasters in the "school of experience" for other Produce Exchange members who expect to become actively interested in the exchange's new departure.

The majority of new members who are now buying seats in anticipation of the security division of the exchange's functions are professional dealers in securities. Incidentally, the widespread interest in this new exchange in the financial community is indicated by the fact that Produce Exchange memberships are changing hands at around $17,000—an increase of about 800 per cent from last year and a value that compares with several hundred dollars just before the war. This is only one of the indications, however, that the Produce Exchange is destined to become an important security market. In its field as an exchange for grain and produce trading it has functioned without interruption since 1862 and without a blemish on its record. Just as the term *New York Curb Market* means nothing as a name for that indoor exchange with its handsome, modernly equipped building, perhaps in years to come, the name Produce Exchange will become equally inappropriate through the growth of its security market at the expense of other branches of its activities.

For Feature Articles to Appear In the Next Issue See Page 97

MASSACHUSETTS UTILITIES ASSOCIATES PASSES BEYOND THE INVESTMENT TRUST STAGE

(Continued from page 119)

full year of 1927 the system returned a net income of over three million dollars available for dividends, depreciation and reserves, which is almost twice the dividend requirement on the 680,000 shares or thereabouts of preferred stock that would be outstanding on the basis of a full 100% exchange of stock for all subsidiaries.

Operating under individual and somewhat conservative management, the operating companies, as a group, wrote off over 5.8 million dollars in maintenance and depreciation during the five years to December 31st, 1927, an amount that averaged better than 13% of their gross income and a considerably more liberal rate than would be required by a distributing system of the proportions of the present unified organization.

The trust owns directly or through its subsidiaries 23,000 shares of Edison Electric Illuminating Company common stock, worth over 6 million dollars at current prices and contributing $276,000 of non-operating income. Because of the wide distribution of shares of this company, the M. U. A. is the largest single stockholder and is still further affiliated through representation of this company on its board of trustees, and through existing power contracts. The M. U. A. has similar affiliation with the new New England Power Association.

When the location of the operating properties is considered, these affiliations hold more than ordinary significance. On the east lies the huge steam generating properties of the Edison Electric Illuminating Company with cheap fuel obtainable at tidewater. To the north lies the extensive system of the New England Power Association which distributes about one billion kilowatt hours of electric current annually a substantial portion of which is generated in 11 hydro-electric plants owned by the association.

Within the past few months the Edison company in Boston and the New England Power Association entered into an agreement to pool their power, thus obtaining a vast potential supply of current with a balance between hydro-electric and steam generating properties. Strung virtually across the entire state of Massachusetts and connected on two borders with these aforementioned companies lie the fifty odd distributing companies controlled by the Massachusetts Utilities Associates. Already closely affiliated, a closer association, perhaps, ultimately a consolidation or merger is entirely logical from both the investment and operating standpoint.

Over a period of time, the favorable statistical position of the M. U. A. and

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n. Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

the strategic location of its operating companies may reasonably be expected to be reflected in higher market valuations for its securities. The aggregate market value of these securities is approximately 5½ times the gross income—a favorable ratio for a system of this caliber. The preferred shares have a participation feature whereby surplus earnings are shared with the common stockholders up to 7% and in the meantime a cash income of close to 5½% is obtainable at current quotations. The preferred is also convertible share for share into common, and while the conversion has no immediate value, the fact that the preferred shares are non-callable place both the participating and conversion privilege in a position of distinct advantage. The common is listed on the Boston Stock Exchange and both are widely distributed; about 12,000 shareholders residing in Massachusetts alone, a large number of which are customers of the trusts's operating companies. The common shares, paying no dividend at present, are considerably more speculative but seem to have good prospects for the long range, from the market standpoint.

THRIFT SPELLS FINANCIAL INDEPENDENCE

(*Continued from page* 133)

have been made few, and during some months one may be encroached upon in order to expand others, thus the expense of a few extra clothes or household needs is anticipated by curtailment of other expenses, and surpluses are deposited in a savings bank account to care for vacation, holiday and other expenses. In other words, the extent of the vacation will depend upon how much has been saved from actual operating expense during the year.

To faciliate the working of the plan, my monthly salary is deposited in a checking account carried in my name and a check is then drawn on this account for the entire expenses of the month, which is shown by Table II to be $190 per month, which amount is deposited in another account in my wife's name and she draws checks from her account to pay all expenses. Of the remaining $70, $35 is deposited in a savings account to be used only for Fixed Expenses (Sect. I (b), Table II) the balance of $35 remaining in the checking account until further accumulation amounts to enough for a security purchase, or it is used to pay on a note for securities already purchased with borrowed funds. As bonuses are received they are cleared through my checking account, always with the endeavor to get these funds working as soon as practical. The effect of maintaining two checking accounts is to eliminate the inclination to draw on surplus funds, for the monthly budget of $190 has come to seem to us

(*Please turn to page* 178)

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n. Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

Texas

Florida

Texas

Florida

Kentucky

National Cash Credit Ass'n

NCCA ORGANIZATION

Alabama Cash Credit Corporation

Preferred Stock Dividend No. 11

The regular quarterly dividend of 15c per share and an extra dividend of 9c per share has been declared on the Preferred Stock of the Corporation, payable on November 24, 1928, to stockholders of record on November 12, 1928.

OSCAR NELSON, Treasurer.

Alabama Cash Credit Corporation

Common Stock Dividend No. 11

The regular quarterly dividend of 9c per share has been declared on the Common Stock of the Corporation, payable on November 24, 1928, to stockholders of record on November 12, 1928.

OSCAR NELSON, Treasurer.

Badger State Cash Credit Corp.

Preferred Stock Dividend No. 1

The regular quarterly dividend of 20c per share and an extra dividend of 4c per share has been declared on the Preferred Stock of the Corporation, payable on November 24, 1928, to stockholders of record on November 12, 1928.

OSCAR NELSON, Treasurer.

Badger State Cash Credit Corp.

Common Stock Dividend No. 1

The regular quarterly dividend of 4c per share has been declared on the Common Stock of the Corporation, payable on November 24, 1928, to stockholders of record on November 12, 1928.

OSCAR NELSON, Treasurer.

Georgia Cash Credit Corporation

Preferred Stock Dividend (Accumulated)

A quarterly accumulated dividend of 80c per share per annum on the date of issue of the Preferred Stock has been declared on the Preferred Stock of the Corporation, payable on November 24, 1928, to stockholders of record on November 12, 1928.

OSCAR NELSON, Treasurer.

Illinois Cash Credit Corporation

(A New Jersey Corporation)

Preferred Stock Dividend No. 3

The regular quarterly dividend of 20c per share, and an extra dividend of 10c per share and a stock dividend of One-Hundredth (1/100th) of one share has been declared on the Preferred Stock of the Corporation, payable November 24, 1928, to stockholders of record November 12, 1928.

OSCAR NELSON, Treasurer.

Illinois Cash Credit Corporation

(A New Jersey Corporation)

Common Stock Dividend No. 3

The regular quarterly dividend of 10c per share and a stock dividend of One-Hundredth (1/100th) of one share, payable in Preferred Stock, has been declared on the Common Stock of the Corporation, payable November 24, 1928, to stockholders of record November 12, 1928.

OSCAR NELSON, Treasurer.

Note: Stock originally issued after August 26, 1928, will receive a pro rata dividend according to resolution.

KEEP POSTED

ILLUSTRATED YEAR BOOK

Interesting facts about the development of one of the largest public utility systems in the United States will be found in this interesting free booklet. (380).

PORT OF NEWARK

This booklet gives a most comprehensive description, not only of the Port of Newark, but also of the trading territory immediately adjacent to it. It is well worth reading for the information it contains. (410).

CONSISTENT INVESTMENT SUCCESS

The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (413).

Dividends and Interest

Middle West Utilities Company

Notice of Dividend on Prior Lien Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of Two Dollars ($2.00) upon each share of the outstanding Prior Lien Stock, having a par value of $100 a share, and One Dollar and Fifty Cents ($1.50) upon each share of the outstanding $6 Cumulative Non Par Prior Lien Stock, payable December 15, 1928, to the holders of such Prior Lien Stock, respectively, of record on the company's books at the close of business at 1:00 o'clock P. M., November 10, 1928.

EUSTACE J. KNIGHT,
Secretary.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors of Underwood Elliott Fisher Company at its regular monthly meeting held November 8, 1928, declared a dividend of $1.75 a share on the Preferred Stock, a dividend of $1.75 a share on the Series B Preferred Stock, and a dividend of $1.00 a share on the Common Stock of the Company, payable December 31, 1928, to stockholders of record at the close of business December 12, 1928.

C. S. DUNCAN,
Treasurer.

Standard International Securities Corporation

The regular quarterly dividend of 75 cents per share on the 6% Cumulative Preferred Stock of this Company has been declared payable December 1, 1928 to stockholders of record at the close of business November 15, 1928.

C. H. C. GREENTREE, Treasurer

KEEP POSTED

BANK AND INSURANCE STOCKS

Investors in Greater New York who are interested in this type of security will be sent booklet without obligation by one of the leading specialists in bank and insurance stocks. (475).

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See what Atlanta can mean to your business. Send for this free booklet giving the experience of more than 600 concerns now in Atlanta. (363).

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Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

THE STORY OF INSURANSHARES TRUST CERTIFICATES

This booklet, issued by a investment trust house issuing securities backed by the shares of prominent insurance companies only, will be forwarded to you without charge. (396).

(Continued from page 176)

as our salary and we have no inclination to spend more.

The results of my plan indicate that it is productive, in fact that I am ahead of my program, though this is only the second year. It has become easier month after month to follow the plan, thus I believe that it will become easier each year. My investments give me a return of 7.6% at present and I have been able to save more than the required $1,000 this year, thus I can look forward to reaching the goal sooner than schedule.

There are, of course, many things that we must deny ourselves, such as an automobile, expensive entertainment and amusements, but the success of our plan gives us a satisfaction which we have learned to regard more highly than having the many so-called pleasures that our savings would have bought for us. Many of our friends have many more of the day-to-day pleasures than we have, but they understand our aim and respect it. There are two roads to follow—one which leads to independence—and one to momentary pleasures—we have chosen the former.

TRADE TENDENCIES

(Continued from page 168)

fact that a number of producers had fairly large inventories at the outset of 1928 will probably prevent a pronounced gain in earnings, since a readjustment of inventories to current prices will in many cases entail considerable loss. Larger buying was noticed in the shirt market during August, with the activity extending well into the autumn months. In the women's wear division the first half was poor, although during the past several months sales have shown a heavy gain. The outlook is promising, and, while sudden shifts in the temperature such as occurred recently, may prove a retarding factor, better earnings in the final half, as compared with the same period in 1927, are indicated.

Important Corporation Meetings

Company	Specification	Date of Meeting
Crucible Steel of Amer.	Pfd. Dividend	11-16
Baltimore & Ohio R. R.	Annual	11-19
Brooklyn-Manhattan Transit Co.	Directors	11-19
Canada Dry Ginger Ale, Inc.	Directors	11-19
Goodyear Tire & Rubber	Directors	11-19
Missouri, Kansas & Texas R. R.	Pfd. Dividend	11-19
Montgomery, Ward & Co.	Special	11-19
Chesapeake & Ohio Ry.	Com. Dividend	11-20
Empire Gas & Fuel	Directors	11-20
National Cash Register	Directors	11-20
New England Tel. & Tel.	Dividend	11-20
Remington-Rand, Inc.	Directors	11-20
Sheffield Steel Corp.	Directors	11-20
Standard Oil (Neb.)	Directors	11-20
Alpha Portland Cement	Directors	11-21
American Tel. & Tel.	Dividend	11-21
Cities Service Co.	Directors	11-21
Cuban-American Sugar	Pfd. & Com. Divs.	11-21
Granby Consol. Min., Smelt. & Pr., Ltd.	Directors	11-21
Kelsey-Hayes Wheel	Com. Dividend	11-21
Metropolitan Ice	Directors	11-21
Montana Power	Dividend	11-21
Northern Pacific Ry.	Directors	11-21
Republic Iron & Steel	Directors	11-21
Vanadium Corp. of Amer.	Directors	11-21
Byers & Co., A. M.	Directors	11-22
Central Alloy Steel Corp.	Pfd. & Com. Divs.	11-22
Central R. R. of N. J.	Directors	11-22
General Ry. Signal	Directors	11-22

THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

IDEAS – SERVICE – COMMODITIES

MEN – AGENTS – BUSINESS OPPORTUNITIES

Printing

LITHOGRAPHED LETTERHEADS

$1.25 per 1000
IN LOTS OF 50,000
25,000 at $1.50—12,500 at $1.75 or 6,250 our Minimum at $2.25 per 1000
Complete—Delivered in New York
ON OUR 20 LB. WHITE PARAMOUNT BOND
A Beautiful, Strong, Snappy Sheet
ENGRAVINGS AT ACTUAL COST
GEO. MORRISON COMPANY
552 West 22nd St. New York City
SEND FOR BOOKLET OF PAPER AND ENGRAVINGS

Business Opportunities

BIG BUSINESS OPPORTUNITY

$400 KEI-LAC MACHINE EARNED $5,040 IN ONE YEAR; $160 MACHINE EARNED $2,160
One man placed 300. Responsible company offers exclusive advertising proposition. Unlimited possibilities. Protected territory. Investment required. Experience unnecessary.
THE NATIONAL KEI-LAC COMPANY
557 Jackson Boulevard, Chicago, Ill.

Situation Wanted

Experienced Lady Secretary

desires permanent responsible position. Bookkeeper, Stenographer, Accounting systems installed, Office Curriculum, able to work on own initiative. Refined appearance, pleasing personality. Becker, 28 Bedford Park Boulevard, N. Y. C.

Dividends and Interest

Federal Light & Traction Co.

Preferred and Commom Stock Dividends

52 William St., New York, Nov. 7, 1928.

The Board of Directors has this day declared the Regular Quarterly Dividend of One Dollar and Fifty Cents ($1.50) per share on the Preferred Stock of Federal Light & Traction Company, payable on December 1, 1928, to the Stockholders of record as of the close of business November 17, 1928.

The Board of Directors has also this day declared the Twenty-fourth Quarterly Dividend, at the rate of Thirty-Five Cents (35c) per share, upon the Common Stock of the Company. Such dividend is payable Twenty Cents (20c) in cash and Fifteen Cents (15c) per share (1/100 of a share) in the Common Stock of the Company. This dividend is payable on January 2, 1929, to the Common Stockholders of record at the close of business December 13, 1928.

No certificate of Common Stock will be issued for less than one (1) share. For fractional shares scrip will be issued and will be exchangeable for stock at the office of The New York Trust Company, 100 Broadway, New York, N. Y., upon surrender in amounts aggregating Fifteen Dollars ($15.00) or multiples thereof. No dividends will be paid to the holders of scrip, but all dividends on the stock represented by scrip will be payable to the first registered holder of the stock.

The transfer books will not be closed.
J. DUNHILL,
Secretary and Treasurer.

Financial Notices

IMPORTANT NOTICE
to

Commercial Investment Trust Corporation
WARRANT HOLDERS

Common Stock Purchase Warrants

NOTICE OF SUBSCRIPTION RIGHTS

Commercial Investment Trust Corporation will offer to holders of its Common Stock (of record at the close of business on November 12, 1928) the right to subscribe at $95 per share for additional Common Stock of the Corporation in the ratio of one additional share for each four shares of Common Stock held by them. The subscription rights will expire at 3 P. M. on December 6, 1928, and will be evidenced by transferable subscription warrants which will be mailed to holders of Common Stock shortly after November 12, 1928. No subscriber will be entitled to receive the new stock or will be deemed a stockholder for any purpose until after the close of business on December 5, 1928; the new stock will therefore not participate in the January dividend in cash and stock payable to holders of Common Stock of record at the close of business on December 5, 1928.

Bearers of Common Stock Purchase Warrants will be entitled at any time during business hours, between 10 A. M. on November 13, 1928, and 3 P. M. on December 6, 1928, to present their Purchase Warrants to the Corporation at the office of Central Union Trust Company of New York, No. 80 Broadway, New York, N. Y., and to receive from the Corporation stock subscription warrants (of the character above described) to the same extent as though they were the holders of the number of shares of Common Stock of the Corporation called for by their Purchase Warrants. Purchase Warrants so presented must be accompanied by a memorandum in writing specifying the names (including addresses) and denominations in which the stock subscription warrants are to be issued.

In lieu of a subscription warrant evidencing a right to subscribe for a fractional share of Common Stock, the Corporation will issue a bearer fractional warrant which, together with other fractional warrants evidencing in the aggregate rights to subscribe for one or more full shares, will entitle the bearer to subscribe therefor.

Commercial Investment Trust Corporation,

New York, N. Y., November 2, 1928. F. W. Collins, Secretary.

Dividends and Interest

GEORGE A. FULLER CO.

949 Broadway
NEW YORK

At a meeting held today the directors of this company declared the regular quarterly dividend of one dollar and fifty cents ($1.50) on each share of its Cumulative and Participating Prior Preferred Stock, issued and outstanding, payable on January 1, 1929, to stockholders of record at the close of business on December 10, 1928, and the regular quarterly dividend of one dollar and fifty cents ($1.50) on each share of its Cumulative and Participating Preference Stock, issued and outstanding, payable on January 1, 1929, to stockholders of record at the close of business on December 10, 1928.

Dated New York, November 2, 1928.
B. M. FELLOWS, Treasurer.

The Peoples Gas Light and Coke Company Four and One-Quarter Per Cent. Serial Gold Notes

NOTICE IS HEREBY GIVEN that the $3,000,000 principal amount of Four and One-quarter Per Cent. Serial Gold Notes, dated January 3, 1928, numbered from 1, to 3000, inclusive, of The Peoples Gas Light and Coke Company, with accrued interest, will become due and payable on December 1, 1928, at the office of Halsey, Stuart and Company, Inc., either in Chicago, Illinois, or in New York, New York, at the option of the respective holders of said notes.
WILLIAM R. WELDON,
Treasurer

Tennessee Copper & Chemical Corporation
61 Broadway, New York.

The Board of Directors of the Tennessee Copper & Chemical Corporation has this day declared a quarterly dividend of twenty-five cents (25c) per share on the issued and outstanding capital stock of the company, payable December 15, 1928, to stockholders of record at the close of business November 30, 1928. The transfer books of the company will not close.
B. H. WESTLAKE, Treasurer.
November 12, 1928.

Dividends and Interest

The Mengel Company

The Board of Directors of The Mengel Company, October 30th, 1928, declared the regular dividend of 1¾% on the Preferred Capital Stock of the Company, payable December 1st, 1928 to Stockholders of Record at the close of business November 15th, 1928.

J. C. DORMAN, Secretary.

Any Preferred Stock to be transferred should be sent to this office, Eleventh and Dumesnil Streets, Louisville, Ky.

J. C. DORMAN, Secretary.
Louisville, Ky., October 30th, 1928.

CENTRAL ARKANSAS PUBLIC SERVICE CORPORATION
Preferred Stock Dividend No. 63

52 William St., New York, Nov. 7, 1928.

The Board of Directors has this day declared the Sixty-Third Consecutive Dividend of One and Three-Quarters Per Cent (1¾%) on the Preferred Stock of the Central Arkansas Public Service Corporation, payable on December 1, 1928, to the Stockholders of Record as of the close of business November 15, 1928.

The transfer books will not be closed.
J. DUNHILL, Treasurer.

GUANTANAMO SUGAR COMPANY

The Board of Directors has this day declared a Dividend of two dollars ($2.00) per share on the Preferred Stock of this Company, for the quarter ending December 31, 1928, payable January 2, 1929, to stockholders of record at the close of business December 15, 1928. The Transfer Books will not be closed.
JOHN WOLLPERT, Secretary.
New York, N. Y., November 8, 1928.

International Combustion Engineering Corporation

Common Dividend No. 32

A dividend of fifty cents per share has been declared on the common capital stock of this Corporation payable November 30th, 1928, to the stockholders of record at the close of business on November 19th, 1928.

George H. Hansel, Treasurer.
New York, October 17th, 1928.

$50,000,000

Pennsylvania Company

Thirty-Five Year 4¾% Secured Gold Bonds

Due November 1, 1963.

Coupon bonds in denomination of $1,000 registerable as to principal and exchangeable for fully registered bonds. Interest from November 1, 1928, payable May 1 and November 1.

Closed Issue. Not Subject to Redemption for Five Years.

Redeemable as a whole or in part at option of Company, on sixty days' notice, on November 1, 1933 or any interest date thereafter to and including November 1, 1938 at 105% and accrued interest; thereafter and on or before November 1, 1957 at 103% and accrued interest and thereafter at their principal amount and accrued interest plus a premium equal to ¼% for each six months between the redemption date and date of maturity.

For further information regarding the Company and this issue of Bonds, reference is made to a letter dated November 7, 1928 from W. W. Atterbury, Esq., President of Pennsylvania Company, copies of which may be obtained from the undersigned, and from which the following is quoted:

"The Bonds will be the direct obligation of Pennsylvania Company and will constitute a closed issue for $50,000,000 principal amount of bonds. They will be secured by the deposit and pledge of 357,000 shares Norfolk and Western Railway Company Common Stock with the Girard Trust Company, Philadelphia, as Trustee of the trust indenture under which the Bonds will be issued.

The Company is to have the right to substitute other securities of at least equal value for all or any part of those pledged, provided that (a) any securities so substituted shall be fixed interest bearing obligations of or guaranteed by The Pennsylvania Railroad Company or obligations or stocks of a railroad corporation whose properties are leased to The Pennsylvania Railroad Company for a term extending at least fifty years beyond the maturity of the Bonds, and that (b) after any such substitution the aggregate value of the pledged securities, determined as provided in the trust indenture, will be at least 120% of the principal amount of Bonds outstanding and the annual income from such pledged securities will be at least 120% of the annual interest on the Bonds, all as will be more fully provided in the trust indenture.

The trust indenture will provide, among other things, that in case of any decline in the value of the pledged collateral, determined as provided in the trust indenture, the Company will from time to time pledge thereunder such additional collateral as may be necessary so that the value of the collateral, as so determined, shall be at all times at least 120% of the principal amount of Bonds outstanding.

The proceeds of the sale of these Bonds will be used to reimburse the Company in part for the purchase of additional securities.

The Pennsylvania Company, which is a corporation of the State of Pennsylvania, organized in 1870, now has outstanding paid up capital stock of $124,625,000 par value, all of which stock is owned by The Pennsylvania Railroad Company. The Company has paid dividends uninterruptedly on its outstanding capital stock since 1901 and since 1915 such dividends have been at the rate of at least 6% per annum.

The gross income of the Company per annum, based on dividends at current rates on stocks owned by it, after payment of corporate expenses and taxes (other than income taxes), amounts to not less than $11,900,000, while the interest on its entire indebtedness, including this issue, will amount to $4,573,245 per annum.

The 357,000 shares of Norfolk and Western Railway Company Common Stock to be pledged as security for this issue of Bonds, has a present market value of over $64,000,000. The Norfolk and Western Railway Company has paid dividends on its Common Stock in each year since 1900, such dividends since 1921 having been at the rate of not less than 8% per annum and for the last three years, including extra dividends, 10% per annum has been paid. The dividends at the present rate of 8% per annum and 2% extra on the Norfolk and Western Common Stock pledged as security for these Bonds amount to $3,570,000 per annum, while the annual interest on this issue amounts to $2,375,000.

In the opinion of counsel these Bonds are legal investments for insurance companies under the laws of the State of New York.

Application will be made in due course to list these Bonds on the New York Stock Exchange and the Philadelphia Stock Exchange."

THE UNDERSIGNED WILL RECEIVE SUBSCRIPTIONS FOR THE ABOVE BONDS, SUBJECT TO ALLOTMENT, AT 99% AND ACCRUED INTEREST TO DATE OF DELIVERY, TO YIELD 4.81% TO MATURITY.

The undersigned reserve the right to close the subscription at any time without notice, to reject any application, to allot a smaller amount than applied for and to make allotments in their uncontrolled discretion.

The above bonds are offered if, when and as issued and received by the undersigned and subject to the approval by their counsel of all legal proceedings in connection with the creation and issuance thereof. Temporary bonds will be delivered against payment in New York funds for bonds allotted, which temporary bonds will be exchangeable for definitive bonds when prepared.

New York, November 8, 1928.

Kuhn, Loeb & Co.

Subscriptions for the above Bonds having been received in excess of the amount offered, the subscription list has been closed and this advertisement appears as a matter of record only.

TRIUMPH of American industry

Rich man's car brought within reach of general public by magic of quantity production

THERE is no finer example of what mass production can accomplish than the present low prices of the *patented* Knight double sleeve-valve engine.

Fifteen years ago this superior power plant was used only in the most costly European motor cars.

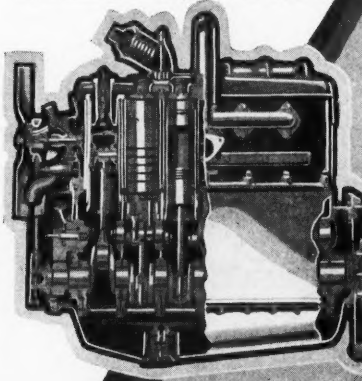
John N. Willys was the first to discern the possibilities of the Knight engine in a popular-priced automobile. He brought it to America and through Willys-Overland's great resources, introduced it at a lower price than had ever before been thought possible.

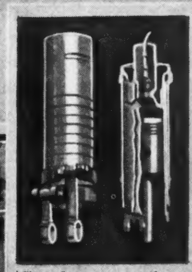
But the Willys-Knight, while medium-priced, was not yet *low*-priced—and John N. Willys felt that so superior an engine should be placed within reach of the majority of American motorists.

For a decade and a half, Willys-Knight's every effort was bent toward this achievement —a low-priced six-cylinder car, powered by the double sleeve-valve engine, and maintaining all of Willys-Knight's quality.

And this year, through constant improvements in manufacturing and engineering methods, through large scale production and increasing sales, Willys-Knight has at last broken down the price barrier—and hundreds of thousands of enthusiastic motorists now enjoy the smoothness, power, economy and increasing efficiency which are possible with no other type of engine.

The Knight engine has no complicated valve mechanism. In each cylinder, two sliding metal sleeves combine with the spherical cylinder head to form a perfectly sealed combustion chamber. As a result, the Knight engine gives high uniform compression *with any gas*.





Two sleeves move silently up and down, controlling the intake and outlet of gasoline vapor.

STANDARD SIX COACH

$995

Other models $995 to $1095. Prices f. o. b. Toledo, Ohio, and specifications subject to change without notice.

WILLYS-OVERLAND, INC., TOLEDO, OHIO

WILLYS-OVERLAND SALES CO., LTD., TORONTO, CANADA

WILLYS-KNIGHT SIX

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Popular Star of Musical Comedy
"It's toasted"
No Throat Irritation-No Cough.
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